

The complaint

Mr H is unhappy that NewDay Ltd, trading as Evans Storecard, gave him incorrect information regarding the possibility of clearing the balance on his account via a balance transfer to another credit provider.

What happened

Mr H had an outstanding balance on his NewDay account. In December 2019, Mr H contacted NewDay to request his account number so that he could clear the outstanding balance on his account by making a balance transfer to another credit provider.

Mr H was informed by NewDay that he couldn't make a balance transfer to clear the outstanding balance on his account because the account was closed, but that he could make a payment to clear the account by debit card. Mr H wasn't happy about this, so he made a complaint.

NewDay looked at Mr H's complaint. They acknowledged that Mr H had been given incorrect information about the possibility of making a balance transfer, so they reimbursed the interest that had accrued on the account from January 2020 to July 2020 and made an offer of payment to Mr H of £50 to compensate him for his inconvenience.

Mr H didn't feel that NewDay's response to his complaint went far enough, so he referred his complaint to this service. One of our investigators looked at this complaint, and while they felt that the spirit of NewDay's response to Mr H's complaint was fair, they felt that the £50 payment of compensation didn't take sufficient account of the upset and inconvenience this matter had caused Mr H. So, they recommended that NewDay pay a further £50 to Mr H because of this.

Neither Mr H or NewDay accepted the recommendation put forward by our investigator, so the matter was escalated to an ombudsman for a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I issued a provisional decision on this complaint on 13 May 2021 as follows:

Mr H has raised a number of detailed points in his objection to the recommendation made by our investigator. I hope he doesn't consider it a discourtesy that I won't be responding in similar detail here. Instead I've focussed on what I consider to be the crux of this complaint, in line with our role as a quick and informal dispute resolution service.

As such, if Mr H notes that I haven't responded to a specific point that he's raised, it shouldn't be taken that I haven't considered that point - I can confirm that I've considered all the comments and information provided by both Mr H and NewDay –

but rather that I don't feel it necessary to specifically address that point to arrive at what I consider to be a fair and reasonable resolution to this complaint.

NewDay have acknowledged that they gave incorrect information to Mr H when he first called to ask for the information needed to arrange a balance transfer to clear the account.

In circumstances such as this, where a business has provided a customer with incorrect information, what this service would expect would be that the business would take the corrective steps necessary to reimburse the customer for any demonstrable costs that they had incurred because of the provision of the incorrect information, as well as to fairly compensate that customer for any distress or inconvenience that they incurred.

I feel that NewDay have done that here. They issued an apology to Mr H and reimbursed all of the interest that had been incurred on the account between January and July 2019 – since Mr H first approached NewDay about the possibility of a balance transfer until NewDay issued their complaint response letter to Mr H. NewDay also made a payment of £50 as compensation to Mr H for the inconvenience incurred.

Mr H has stated that at the time he first approached NewDay he was in a position to apply for a new credit account which benefited from a period of 0% interest, such that he wouldn't have paid interest on this balance moving forwards. Mr H has asked that this service instruct NewDay to freeze all future interest accrual on this account because of this.

Mr H's request here doesn't seem fair to me, especially given that Mr H hasn't been able to provide any documents to confirm that he had been accepted for a credit card with a 0% interest offer, and also given that NewDay reimbursed the interest accrued on Mr H's account for the period January to July 2019, effectively crediting Mr H's account with an interest free period during that time - even though no confirmation has been received to demonstrate that Mr H would have been approved for an interest free credit card so as to be able to benefit from an interest free promotional offer during this period.

It's also the case that a prominent feature of a credit account, such as Mr H's NewDay account, is that it incurs interest. And so, I don't feel that I can reasonably consider instructing NewDay to freeze future interest on Mr H's account.

Mr H has questioned the impartiality of this service on the basis that documents confirming that he was accepted for the new credit card were requested from him, and he has suggested that it would have been more appropriate for this service to accept his word on this matter.

I find it difficult to accept Mr H's position here. Indeed, I'd consider that making an award against one party for financial loss, without first obtaining evidence from the other party that such financial loss had been incurred, would be considered as being the opposite of impartial.

Ultimately, I feel that NewDay's response to Mr H's complaint, including the reimbursement of interest and payment of compensation as previously described, does represent a fair and reasonable resolution to this complaint, given the circumstances here.

I realise that this won't be the outcome that Mr H was wanting, but it follows from this that my provisional decision will be that I won't be upholding this complaint or asking NewDay to take any further action at this time. I hope that Mr H can understand, given everything I have explained above, why I have made the provisional decision that I have.

In my provisional decision, I gave both Mr H and NewDay the opportunity to provide any comments or further information that they wanted me to consider before I move to a final decision. NewDay confirmed that they had nothing more to add. However, Mr H did make a further submission, and I'd like to thank Mr H for his detailed comments in this regard.

As with my provisional decision letter, I hope that Mr H doesn't consider it a discourtesy that I won't be responding in similar detail here. Instead, once again I'll focus on what I consider to be the crux of Mr H's position, in line with this service's role as a quick and informal dispute resolution service.

Having reviewed Mr H's objections to my provisional decision it's my understanding that Mr H believes that the outcome of my provisional decision – that I'm satisfied that NewDay's response to Mr H's complaint, including the provision of the information that Mr H was wanting, the reimbursement of interest, and the payment of £50 compensation to Mr H for the inconvenience he incurred – fails to return Mr H to the position that he would have been in, had NewDay enabled him to clear his outstanding balance with them in the first instance.

I can appreciate Mr H's concerns in this regard, but after further consideration I remain satisfied that Mr H has been returned to the appropriate position. I say this because, had Mr H been given the correct information about the possibility of making a balance transfer to clear his account in the first instance, he would be in the same position as he is now in – specifically, in a position to undertake a balance transfer to clear the balance on his NewDay account, should he wish to do so.

Of course, had Mr H made a balance transfer to clear his NewDay account when he first expressed an interest in doing so, then he wouldn't have paid interest on his NewDay balance from that time. But by reimbursing to Mr H the interest that's accrued on his account since Mr H made his initial enquiry, I'm satisfied that NewDay have restored Mr H to the position where he can now apply for a balance transfer, and hasn't paid any additional interest from the time he first asked NewDay about the possibility of making a balance transfer.

And while I accept that it is the case that, by not providing Mr H with the correct information in the first instance, NewDay did delay Mr H reaching this position, I'm satisfied that the reimbursement of interest and the £50 compensation already paid by NewDay to Mr H is fair and reasonable recompense to Mr H for that delay.

Mr H has also expressed his opinion that NewDay not providing him with the necessary information to enable him to make a balance transfer at the time that he first inquired about it was a deliberate ploy by NewDay to maintain his account with a level of indebtedness such that they could continue to profit from Mr H's monthly interest repayments. However, I consider this to be conjecture on Mr H's part, and therefore isn't something that this service would consider and doesn't fall within the remit of restoring Mr H to the position that he would have been in had NewDay provided him with the relevant information in the first instance – which, as explained above, I'm satisfied that NewDay's response to Mr H's complaint has already achieved.

I realise that this won't be the outcome that Mr H was wanting here, but while it isn't disputed that NewDay should have given Mr H the information to enable him to make a balance

transfer to clear his NewDay account in the first instance, it remains my decision that the complaint response already issued by NewDay in regard to this – including the provision of the appropriate information to Mr H and a payment of £50 compensation – does represent a fair and reasonable outcome to this complaint. And it follows from this that my final decision will be that I won't be upholding this complaint or asking NewDay to take any further action at this time.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 12 July 2021.

Paul Cooper
Ombudsman