

The complaint

Ms M complains that NewDay Ltd didn't treat her fairly in how it handled the loyalty points she accrued through using her NewDay issued credit card affiliated to a retailer's loyalty scheme.

What happened

Ms M held a NewDay credit card for several years. The card was affiliated to a retail store which offered a loyalty scheme based on card usage. Using the card would accrue loyalty points and each quarter, these points would be converted into vouchers redeemable in the retailer's stores against the purchase of items.

In February 2020, Ms M had accrued points she expected should equate to over £400 worth of vouchers. But, at the end of that quarter, she only received £300. She queried this discrepancy with NewDay, and was told that under the current loyalty scheme terms £300 was the maximum quarterly voucher payment.

Ms M says she'd never received notification of any such change. She says she'd received vouchers for values in excess of £300 in some previous quarters. Ms M says she had concerns that the retailer was in serious financial trouble and so she didn't want to wait until the next quarter to receive the balance of the vouchers - because if the retailer failed, any vouchers would lose their value. She asked NewDay for the balance now. But NewDay didn't agree.

A few weeks later the retailer entered administration, meaning the retailer's vouchers had limited (if any) residual value.

Ms M was unhappy with this. She wanted NewDay to apply a credit to her account of a sum equivalent to the value of the vouchers she'd otherwise have been entitled to. Alternatively, she'd accept an offer of vouchers for another retailer's scheme to the same value.

NewDay declined to offer either option. It explained it was responsible for the credit card, but not the retailer's loyalty scheme. NewDay said it only administered the loyalty scheme on behalf of the retailer and that the retailer was responsible for setting the terms of (and meeting any obligations under) the loyalty scheme agreement. It said any concerns about the scheme itself including the suspension of the scheme needed therefore to be directed to the retailer.

Ms M asked our service to consider the matter. Our investigator looked into what had happened. She didn't think NewDay was at fault. She said that from what she had seen, NewDay had administered the scheme appropriately in accordance with the scheme rules set by the retailer. The investigator said the loyalty scheme was the responsibility of the retailer including the terms and conditions that were set under the scheme as well as any amendments. The investigator thought this also applied to any financial obligations owed under the scheme. She didn't uphold the complaint.

Ms M didn't accept the investigator's findings and asked for the matter to be reviewed. She said that when she'd previously raised a query with the retailer about her credit card, she'd been told this had to be dealt with by NewDay, not the retailer. So, she thought the contract must be with NewDay not the retailer. If she'd been told the scheme rules had changed to limit the maximum quarterly reward, she'd have moved cards to one offering a loyalty scheme for a different retailer.

In light of this disagreement, I've been asked to review this complaint and reach 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.

This includes everything Ms M has submitted and the points she's raised, both initially and in response to the investigator's opinion. Having done so, I am sorry to disappoint Ms M, but I have reached the same conclusions as the investigator and for broadly the same reasons.

I've considered Ms M's point that when she'd raised queries previously with the retailer about her credit card, it had referred her to NewDay.

Her credit agreement was held with NewDay and anything relating to those contractual arrangements would therefore be the responsibility of NewDay not the retailer. Further, the loyalty scheme was administered on behalf of the retailer and so any queries about it would be handled by NewDay in the normal course of events.

Importantly though, administering the scheme did not make NewDay financially liable for any breach by the retailer – that liability remained with the retailer. While the retailer stopped trading and ceased offering the loyalty scheme, it does not follow that NewDay took on the liabilities of the retailer in relation to the scheme.

So while Ms M argues that NewDay should make right what she's lost in terms of the value of the retailer's vouchers, I cannot fairly say that NewDay is liable. The value in the loyalty scheme points was provided by the retailer in their conversion to store vouchers. The retailer's store vouchers only had value in terms of what could be purchased from the retailer. When the retailer closed its stores and entered administration, the holder of a voucher might have some claim as a creditor against the retailer if there was any residual value in those vouchers. But that would be the extent of it.

Similarly, I do not find NewDay liable for setting or amending the retailer's loyalty scheme rules. Any contract Ms M held in relation to those terms and conditions would have been with the retailer. And any breach, acts or omissions in relation to those rules were matters for which the retailer would ultimately bear responsibility. I simply can't fairly hold NewDay responsible for any consequences Ms M has borne or more specifically her losses in terms of the value of the vouchers she'd otherwise rightfully earned. NewDay's role here was simply to run the scheme on the retailer's behalf, but the scheme was ultimately the retailer's not NewDay's.

As I said above, I am sorry to disappoint Ms M. But I don't find NewDay responsible to compensate her for the vouchers the retailer's scheme would have entitled her to had the retailer not entered administration. Neither do I find it liable to compensate Ms M for the loss in value of the vouchers she did receive. Any such liabilities sat with the retailer not NewDay.

My final decision

For the reasons given above, I do not uphold Ms M's complaint about NewDay Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 20 January 2022.

Stephen Dickie
Ombudsman