

The complaint

Mr M complains about New Day Ltd closing his credit card account.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead I'll focus on giving my reasons for my 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.

Having done so, I agree with the conclusions reached by the investigator for these reasons:

- New Day agreed to place a hold on the account until August 2021, meaning no interest or charges would accrue in this time.
- During the call in April 2021, New Day told Mr M his account would continue to accrue arrears which in turn could affect his credit file. But it didn't mention that this could result in the account being closed.
- Mr M told New Day he was unable to make payments for a few months, so I think New Day would have been aware it was possible his account could be closed and I think this should have prompted it to better manage Mr M's expectations.
- Had it done so Mr M would have been able to make an informed decision before he travelled abroad about how he managed the account.
- New Day closed the account in July 2021, before the payment hold ended. Mr M was abroad at the time due to a family emergency, and while he may have had access to his account statements and notifications online, it's reasonable he didn't check this in the circumstances.
- However, I can see Mr M didn't make further payments on his account until October 2021. Mr M has also explained he had advised New Day he would not be receiving a salary until September 2021.
- So, while I think New Day could have provided clearer information to Mr M the account could close, he was aware it would be accruing arrears and he continued to be unable to make payments after the hold ended. So I'm not persuaded this would have made a difference to the account eventually closing.

- I do think New Day should pay compensation for the inconvenience it caused Mr M, but for the reasons I've set out above, I think £100 compensation fairly reflects this. So I don't intend to alter the award recommended by our investigator.

Putting things right

To put things right, I direct New Day to pay Mr M £100 compensation.

My final decision

My final decision is that I uphold Mr M's complaint.

I direct New Day Ltd to do as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 25 May 2022.

Michael Baronti
Ombudsman