

The complaint

Mr D says NewDay Ltd restricted the online access to his credit card account. It didn't lift this when he called to find out why, yet still demanded payment despite him being unable to check his statements.

What happened

NewDay applied a fraud block to Mr D's account, this meant he also lost his online access to his account too. When he called to resolve this he failed the security questions, on two separate calls, and so the restriction remained. He complained to NewDay at this point. They advised he call the fraud department again, but that he must make his repayments. He didn't and his account went into arrears. NewDay issued, by post, late payment letters, then a default notice and finally it terminated his agreement asking for payment in full.

Mr D wants NewDay to apologise and fix his account, to remove all adverse data from his credit file and to compensate him for the stress this has caused.

Our investigator did not uphold Mr D's complaint. He issued two assessments that said, in summary, whilst NewDay didn't always provide appropriate service on the calls and whilst Mr D didn't have access to his online statements, NewDay had sent details of the balance owing, and how to pay, by post. He noted this was to an address Mr D had moved on from, but equally that Mr D had said he'd received these communications. He found NewDay was entitled to restrict Mr D's online access whilst there was a block on his account, and not to lift it as he failed the security questions. He did not find any failings with how NewDay had managed Mr D's account once it was in arrears.

Mr D disagreed, clarifying he had not lost online access after he failed the security questions – he was calling as he had already lost access. He said NewDay may have written to him but none of the letters listed the transactions on his account – he was not prepared to pay blindly, he had no way to check the balance was correct and he was concerned there had been fraud on his account, after all a block had been applied by the fraud team. The letters did not tell him how to regain his online access. He said he was unable to answer the security questions as NewDay wanted exact transaction amounts. He kept asking how to resolve the situation account, but NewDay would not discuss the problem, just saying it couldn't as it couldn't be sure he was Mr D.

Mr D asked for an ombudsman's review so the complaint was passed to me.

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 am not upholding Mr D's complaint. I'll explain why.

First to confirm, I am clear Mr D's online access was restricted before he called NewDay on 28 May 2021. It happened on 26 May 2021 at the same time as, and because, a fraud block

was placed on Mr D's account. From what I have seen these account restrictions were applied fairly and in line with the lender's risk policies.

Unfortunately when Mr D called two days later he failed the extra security questions that he needed to pass for the restrictions to be lifted. Mr D argues NewDay needed exact pounds and pence transaction details (whilst he had no account access), but I have listened to the calls and only one question related to recent transactions. And I can see why NewDay would have been concerned with his responses to the first two questions about card tenure and limit as Mr D seemed quite unsure.

As Mr D was the genuine cardholder I can see why it was frustrating and alarming to be told the adviser did not believe he was and for the call to end without the resolution he needed. However, I don't think NewDay made an error. Similarly on the next call Mr D made to try get his access re-instated when the security questions were about time at, and details of, current and previous addresses Mr D seemed to struggle to provide precise responses. And so NewDay reached the same conclusion that it ought not continue the call.

Mr D is unhappy that despite him asking repeatedly on that call how to resolve this situation the lender provided no help. Equally, he says none of the arrears letters gave him any information on how to restore his online account access. This is accurate, but I don't see that was the purpose of these letters. When NewDay issued its final response letter to Mr D on 5 July 2021 it told Mr D he would need to contact its Fraud Department on 0371 522 5528 to get the restrictions lifted. I cannot see Mr D had another go at doing this. I do understand he was reluctant to given previous attempts had failed – and NewDay could maybe have given more information about why he had to do this and make clear that he would need to respond precisely and accurately to the security questions. But I can't find it did anything wrong by adhering to its process that is in place to protect customers.

I have then considered Mr D's comments about why he stopped making payments to his account. I do understand that he would have been concerned about the status of his account given a fraud block had been applied and he could not check his transactions. But he had not cleared his balance in full prior to the restrictions being applied so he knew he had an outstanding balance. So I think he could have continued to make the minimum payment until his access was restored and he could check his account. The arrears letters reminded him how to make payments. He could also broadly see as he fell further into arrears that the balance was only changing by the addition of late fees and charges, not by spending on his account. I am not saying this was an ideal position, but NewDay fairly needed Mr D to call back and pass the security questions in order to help him.

It follows I don't think NewDay did anything wrong to the extent that it that it needs take corrective action. I know Mr D will be frustrated and disappointed by this conclusion, but I hope he can follow why I can't fairly find the overdue status of his account and the adverse data on his credit file and is the fault of NewDay.

My final decision

I am not upholding Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 15 July 2022.

Rebecca Connelley
Ombudsman