

The complaint

Mrs K complains that NewDay Ltd MasterCard (NewDay) declined a credit card application.

What happened

In November 2021, Mrs K applied for a branded credit card from NewDay – with a limit of £10,000. NewDay declined the application.

Mrs K complained. She accepts that NewDay can make its own credit decisions but wants to know why the card was declined. This was because her husband had been the victim of identity theft in the past. A fraudster had also tried to make transactions on another credit card. She was concerned that her details had been compromised, and she and her husband would be affected again in the same way. She said they were an elderly couple and this had been hanging over them for several months. She is also concerned about the search on her credit file undertaken by NewDay.

NewDay's final response in January 2022 said that it hadn't made an error in declining the application. And it didn't have to tell Mrs K why it made that decision.

Mrs K brought her complaint to us. During our investigation, NewDay looked at what happened again. It discovered that it had made an error when processing the application. When it conducted a credit search – it contacted Mrs K to ask for some digits from the password she had added to her credit file. But NewDay had keyed in the digits wrongly, and this caused the application to be declined. Therefore, NewDay offered compensation of £75. Our investigator considered this and because of the worry and stress caused during the time which elapsed, he said the compensation should be increased to £150.

Mrs K rejected both offers and asked for £500. She asked that an ombudsman look at her complaint.

I then reached a provisional decision which said:

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

I can see that when NewDay assessed Mrs K's application, two things happened. Firstly, it made a silent call to her number – which she became concerned about and so blocked the number. Mrs K then called NewDay back and to complete a credit search, it needed Mrs K to give some digits from a password she had set up on her credit file. I imagine she did this to stop unauthorised persons accessing her credit file details – because of the identity theft which affected her and her husband previously.

I don't know why a silent call was made by NewDay – but it does seem odd, and I can see that – in Mrs K's circumstances – why it was worrying. And then – after Mrs K called NewDay, the underwriting team input the password digits wrongly, so access to Mrs K's credit file was declined – and this caused her application for a card to be turned down. I can see that the silent call, followed by the failure of her password, must have been

concerning for Mrs K. This was especially so because of the reason for her setting up the special password on her credit file in the first place.

And – NewDay then told Mrs K in its final response that it didn't uphold her complaint – when it could've resolved it at that time. But it didn't, and so Mrs K was clearly worried and concerned for a period - between November 2021 and our investigator's view in April 2022. And given what happened before – I can appreciate that.

Our service has set out criteria to help with deciding on awards of compensation. This says an award between £100 and £300 might be fair where there have been repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out. These typically result in an impact that lasts a few days, or even weeks, and cause either some distress, inconvenience, disappointment or loss of expectation. Here, there was a single mistake which had a significant impact for several months.

And so on balance, I'm persuaded that the compensation should be at the upper end of the scale – and so my provisional decision is that NewDay should pay £300 to Mrs K. The existence of a credit search on Mrs K's credit file should not be a concern to her in the normal course of events – but to put her mind at ease, it would be sensible to remove this.

Responses to the provisional decision:

Mrs K accepted the provisional decision. She asked how she would know if NewDay had removed the search. NewDay commented that on the silent call. They said this probably happened because of the way their outbound calling system works – it uses an auto-dialler system to contact new customers about their application. It seems likely that when they got through to Mrs K, no one at NewDay was available to speak to her, and the line hung up automatically.

I now need to make a final decision.

(continued)

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'm grateful to NewDay for the explanation about the silent call, but it still meant she was caused stress and concern. And that, added to the error they made in keying her password for her credit file incorrectly, doesn't change my view of her complaint. And so – my final decision is line with the provisional decision.

Mrs K wants to know how she will know that NewDay have removed the search. I would say that this decision is binding on NewDay to do that – so they must. She can also check her credit file in three months' time to ensure it has been done. We will give her some guidance as to how to do that.

My final decision

I uphold this complaint. NewDay trading as Amazon Platinum MasterCard must:

- Pay compensation of £300 for distress and inconvenience.
- Remove the search in November 2021 from Mrs K's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 7 November 2022.

Martin Lord
Ombudsman