

The complaint

Mr A complains NewDay Ltd declined his credit card application.

What happened

Mr A held a John Lewis branded credit card. The credit was provided by a third party before NewDay took over and as a result a new application was required in order to continue with the card. Mr A's application was declined. Mr A is unhappy. He wants to know why his account won't be continued. He'd like an apology and his card to continue.

Our investigator didn't uphold the complaint. She didn't think it was unreasonable NewDay carried out an affordability assessment. She said NewDay doesn't have to divulge the exact reasons for declining Mr A's application. However she noted NewDay declined Mr A's application as it needed further information from him and NewDay outlined what it needed to re-assess his application. So she thought NewDay had treated him fairly.

Mr A didn't agree so the case has been passed to me to decide.

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 appreciate Mr A wanted his credit card to be transferred from the third party over to NewDay without the need for a new application. But as NewDay were taking on Mr A as a new customer, I don't think it was unreasonable that it carried out an affordability assessment to ensure they lent responsibly to Mr A. So I don't think NewDay did anything wrong in requiring Mr A to make an application or in carrying out checks.

Mr A wants to know why his account won't be continued. He says the soft search didn't explain what information was needed; his application was declined straight away. As our investigator outlined, a business' decision whether or not to lend can be commercially sensitive and a business may not disclose the exact reasons why a lending application is declined. Although our service wouldn't interfere with this, we can look at whether NewDay treated Mr A fairly in the process.

I can see NewDay explained it couldn't verify sufficient information to accept Mr A's online application. So I don't think it did anything wrong in declining it. In its letter dated 12 October 2022, NewDay clearly outlined what information it needed to re-assess his application – proof of income and accommodation costs. I find this request reasonable given the nature of an affordability assessment. So I'm satisfied. NewDay did enough to support Mr A's desire to continue with a John Lewis branded card.

Mr A has said he works in the banking industry and that NewDay have breached the codes of 'treating customers fairly' and expectations under the consumer duty requirements which will soon be in force. Mr A has also said NewDay are only seen to be taking on customers with an outstanding balance as they'll be more profitable. He has also said there is

widespread dissatisfaction about NewDay. But my role here is to comment on the specifics of Mr A's case. Having taken everything into consideration and for the reasons I've outlined above, I think NewDay have treated Mr A fairly.

Mr A has also complained the letter he received about the complaint handling process didn't include the leaflet for our service. Whilst I acknowledge this must've been frustrating, Mr A was made aware of our service and did refer to his complaint to us in time, so I don't think he's been materially disadvantaged by not having the leaflet.

I appreciate Mr A's strength of feeling and that he's disappointed his card won't continue. I realise my decision will be disappointing for him, but I've explained above why I don't think NewDay need to do anything more to resolve this complaint.

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 A to accept or reject my decision before 16 March 2023.

Marie Camenzuli
Ombudsman