

The complaint

Mr F complains NewDay Ltd (NewDay) refused to provide the credit limit he had previously enjoyed on his retailer partnership credit card account with the previous card provider, following its transfer to NewDay.

What happened

Mr F says he held a retailer partnership credit card account, and the retailer changed the card provider to NewDay. Mr F says NewDay only approved a credit limit of £3,000 which was lower than he had previously enjoyed with the old credit card provider. Mr F says NewDay didn't take into account his credit file still showed the old credit card provider, when it came to assessing his application and that is the reason why his limit isn't the same as he previously enjoyed and why his request for an increase in the limit was declined.

Mr F also says NewDay provided poor customer service when he tried to discuss the increase on his credit card account. Mr F wants NewDay to improve its service and apologise for this and offer him compensation for the issues he has experienced.

NewDay says this was a new application and not a transfer of his existing retailer partnership credit card and had to be treated as such and felt it had provided Mr F with an appropriate level of credit. NewDay says its specialist risk team reviewed the credit limit increase request, however this was declined as it didn't meet its internal credit assessment criteria and it takes into account many factors when setting credit limits like this.

NewDay subsequently reviewed the issues Mr F raised about the service he received and agreed that at certain times of the day, it receives high volumes of calls which can cause delays and given that it offered Mr F £50 by way of apology.

Mr F wasn't happy with NewDay's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator felt NewDay had fairly carried out its own internal checks when initially approving the credit limit and the subsequent request to increase the limit Mr F had been provided with.

The investigator reiterated that this wasn't a transfer of his existing facility from the previous provider, and it needed to be assessed by NewDay using its own internal criteria, which it was entitled to do, and this was in line with the terms and conditions of the credit agreement that Mr F had signed. The investigator says the offer of £50 by NewDay for the service issues Mr F experienced was fair and reasonable.

Mr F didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I can understand it would have been frustrating for Mr F to have his request to increase his credit card limit with NewDay declined, given he had a good credit score and had previously enjoyed a higher limit with the previous provider of the retailer partnership credit card.

When looking at this complaint I will consider if NewDay acted fairly when it refused to increase Mr F's credit card account limit.

Mr F's complaint centres around the fact despite him having a good credit score and having previously held a higher credit limit with the previous retailer partnership card provider, NewDay still refused to increase his credit card limit. Mr F feels this is due to the fact his credit file showed the previous credit card provider's credit facility, even though this had effectively been replaced by NewDay – which meant it suggested he had more lines of credit available to him than he really did.

Mr F makes the point he also found it difficult to speak to anyone at NewDay when he was looking to increase his credit facility with them.

I understand the points Mr F makes here, but I'm not fully persuaded by his arguments. I say this because NewDay would need to assess any request for an increase in the credit limit it made available using its own credit criteria. It's also worth mentioning that all lenders will apply different criteria when assessing credit applications and these assessments take into account various factors, so the fact Mr F may have a good credit score for example, wouldn't mean he would be automatically accepted for any credit limit he might request. I am satisfied from the information I have seen that NewDay's specialist risk team did carry out a review of Mr F's request but unfortunately it didn't meet its risk appetite for a higher limit and it's not for me to tell NewDay it must change its process or criteria here.

It's also worth saying there's no evidence to suggest NewDay's decision not to increase Mr F's credit limit was based on the fact his previous credit facility was still showing on his credit file and as explained earlier many factors are considered before credit limits are provided or increased. This is also made clear in Mr F's credit agreement as detailed by the investigator.

NewDay have told this service it may consider in future raising Mr F's credit limit and would let him know, alternatively he can apply for this himself directly, subject of course to NewDay's lending criteria at that time.

I understand that following a review of Mr F's complaint NewDay felt he had experienced long wait times when trying to call them and offered Mr F £50 by way of apology, which I am satisfied is fair and reasonable here. I understand Mr F has declined this offer and I will leave it with him if he now wishes to accept this offer and to contact NewDay directly.

While Mr F will be disappointed with my decision, I won't be asking anymore of NewDay.

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 F to accept or reject my decision before 20 September 2023.

Barry White
Ombudsman