

The complaint

Mr P complains that NewDay Ltd repeatedly told him he could cancel his application for a store-branded card that he'd been accepted for, and reapply later, in order to defer an introductory offer. But Mr P's applications were rejected, because he reapplied too soon.

What happened

Mr P said he was told in August 2022 that a store branded credit card he uses was closing, and transferring its brand to a new provider, NewDay. His current card would stop working at the end of 31 October 2022.

Mr P said he applied for a new store branded card with NewDay on 10 September, but then realised that the opening offer, of triple points on purchases at the store for the first 90 days, would end before the Christmas and New Year holiday period. Mr P said a family member works for the store chain, so he uses that store a lot.

Mr P spoke to NewDay, and said he and it agreed that the best thing to do was to cancel his application, and reapply later, in good time before Christmas. He did reapply, but he said that by late October he still hadn't got a new card, and his old one was due to expire.

Mr P said it took a considerable number of conversations with NewDay before it finally told him that it wouldn't let former customers reapply for a card within a couple of months. Mr P said he went to a store, and spoke directly to NewDay through an internal call. It was only then that he was told he couldn't make a new application for some months.

Mr P complained, he said he was poorly advised, and as a result missed out on financial benefits. He said this took a lot of his time. And he said he had to change his direct debits, and reapply for a new card with a different provider. He wanted NewDay to apologise and provide compensation for the inconvenience, the time this all took, and the lost rewards.

NewDay said it was sorry it hadn't told Mr P that he wouldn't be able to reapply quickly, if he cancelled his completed application. Instead, it had told him that he should reapply, which meant Mr P made further applications which were never going to be accepted. NewDay said it would pay Mr P £35 in compensation, which it later increased to £50.

NewDay now says that applicants who have previously been approved for a card, have to wait for around 6 months for applying again. It has told our service that Mr P is able to apply for a new account now, if he would like.

Our investigator thought this complaint should be upheld. He said Mr P was given incorrect information, several times, so he thought NewDay should increase its compensation, and pay Mr P £100. But he said Mr P had already applied for an account, and would not have been eligible to reapply, when he was given wrong information. So Mr P couldn't have benefitted from the introductory offer over Christmas, regardless of NewDay's advice.

Mr P disagreed. He said the compensation offered fell substantially short of the time spent, together with the inconvenience and distress caused by the matter. He said the time he'd lost, if he calculated it, would be much more than we'd suggested as compensation. As no agreement was reached, this case was then passed to me 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.

I've reached the same overall conclusion on this complaint as our investigator.

I realise that NewDay has given Mr P some wrong advice here. But I don't think that advice is what prevented Mr P from benefitting from the introductory offer on this store card over the Christmas and New Year period.

Mr P made his application for his new card in early September. So any bonus points offer on his new card, available for 90 days, would have ended at the start of December. Mr P told us he wanted this offer to cover the Christmas and New Year period, and was advised that he could achieve this if he cancelled this application and reapplied shortly after.

We now know this advice was wrong, because NewDay wouldn't accept another application from him for about six months. But if Mr P hadn't been wrongly advised at this stage, he could still only have benefitted from the opening offer until the start of December.

In response to our investigator's view and suggested compensation, Mr P has focussed on the amount of his time this issue had taken up. Mr P said compensation of £100 wasn't enough, because he thought that didn't cover the time spent, including the inconvenience and distress this caused. He said if he worked out his lost time, including the time to visit what is now his nearest store in person, it would be significantly more than our recommendation.

I note that Mr P told us that he has a family member who works for the store chain in question. When he initially referred his complaint to us, he said he uses that store a lot. And there's been no suggestion that NewDay had told him he needed to attend a store in person. So it's not clear either that Mr P made a special trip to the store for the sole purpose of resolving the issues with his card, or that NewDay would be responsible for that, if he did so.

I know Mr P wasn't able to use a card he wanted, for spending over the Christmas and New Year period. And I do accept that NewDay has provided him with incorrect information, both in telling him that he could withdraw an application then reapply quickly, and in not being clear about the reasons why this later application then failed. So I do accept that this has been an inconvenience for him, and some of his time has been wasted. But I think Mr P would have been able to take up an introductory offer on a different card for his holiday spending, to reduce his losses. And I don't think it would be appropriate here to provide compensation based on the cost of Mr P's time. Rather, I have looked at this complaint as a whole, to assess its impact. And here, I do think that a payment of £100 does provide a fair and reasonable outcome to this complaint. So, although I understand Mr P will be disappointed, I don't propose to ask NewDay to pay more than that.

My final decision

My final decision is that NewDay Ltd must pay Mr P £100 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 28 November 2023.

Esther Absalom-Gough
Ombudsman