

The complaint

Mr G complains that NewDay Ltd closed his branded credit card account without any notice. He said that affected his credit rating, as he was now using a much higher proportion of his available credit. He wanted NewDay to pay compensation.

What happened

Mr G told us he held a retailer branded credit card with NewDay. NewDay was ending its partnership with that retailer, so he said it wrote to tell him the branding on the card would change. But he didn't get a new card. Mr G said when he asked NewDay about that, it said it had closed his card, and told him it had written to him. Mr G understood it had only written through the retailer's own app, which he'd never had.

Mr G said his credit score had gone down, because his overall credit utilisation increased when this card was closed. So he said he'd missed out on better lending rates as a result. Mr G wanted an apology, and for NewDay to pay him compensation, as a goodwill gesture.

NewDay didn't think it made a mistake. It said Mr G's retailer branded card was dormant, he hadn't been using it. So when NewDay ended its partnership with the retailer, it also decided to close Mr G's account.

NewDay said it was entitled to close the account as long as it gave Mr G the required notice, and it said it had written to him to do so. NewDay said it also followed up that letter with SMS messages to Mr G, reminding him the account was going to close.

Our investigator didn't think this complaint should be upheld. He said NewDay is entitled to close Mr G's account with notice, and NewDay had given Mr G almost three months of notice in writing. It wasn't NewDay's fault if Mr G didn't get that letter. And it had shown us it sent him SMS reminders.

Mr G asked to see the closure letter, and the terms of the account, so our investigator sent these to him. But Mr G said NewDay didn't send that letter to his home, it sent it through the retailer app, which he'd never had. Our investigator said it was sent by post, to Mr G's home address. Mr G looked again at the letter our investigator sent, and then said he thought NewDay was only telling him the account would change branding, not that it would close.

Our investigator said he could see why Mr G thought that, having reread the letter. But he didn't think things would have been different if the letter had been clearer. NewDay had already decided to close Mr G's account, and that decision wasn't likely to change. So our investigator thought that NewDay's apology provided a fair outcome here.

Because Mr G didn't agree, this case was 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 can see that Mr G wanted a little more time to make submissions to our service on this case, as he'd made a subject access request to NewDay. But Mr G asked for that extension of time in early July. Our service hasn't heard from him again since then. And I do think I have sufficient information to fairly decide this case. So I'll now set out that decision.

I've reached the same overall conclusion on this complaint as our investigator. Like him, I do think that NewDay's letter to Mr G, telling him the account was closing, could have been clearer. But overall, I do think NewDay had told Mr G his account was closing, and that the administration of the account would be handled differently from 11 November onwards. The letter said this –

As of 11th November 2022 your Amazon Platinum Mastercard account will close. After this date, you will not be able to make any further purchases on your card.

The text in bold above, appears in bold on the original letter.

There's then quite a lot more text in that letter, explaining what happens to the account after this. I think NewDay was trying to explain to Mr G here that there would be different arrangements going forward, with a new name on the account, until it was paid off. I have read this, and I do quite understand why Mr G says this wasn't clear.

But I also have to bear in mind that Amazon did set out, in bold text, that Mr G's account was closing. And I can't see anywhere in the letter that it mentions issuing him with a new card. It just says it's going to close the account, and Mr G won't be able to use the card for purchases any more.

NewDay says that as well as this letter, it also sent Mr G a series of SMS messages to remind him this account would close. I'm satisfied that the terms of Mr G's account with NewDay allowed it to close the account with two months' notice, and that NewDay gave Mr G the required notice. It's not clear if Mr G did get this letter or not. His original complaint refers to having been told he didn't need to do anything, which seems to me likely to be a reference to this letter. But I do think that both a letter and some SMS reminders were sent to him, so even if Mr G didn't see these, that's not NewDay's fault.

Mr G said the closure of this account affected his credit score. Our investigator has explained that a credit score is an assessment of someone's overall credit file position, done by a credit reference agency. When lenders decide whether to offer someone lending, they don't usually just look at that score, they usually do their own assessment of whether to lend, based on the credit file itself. So a change in Mr G's credit score doesn't necessarily mean lenders won't offer him lending.

And, unfortunately, NewDay did have the right to end this agreement with Mr G, in the way set out in his terms. And it's followed those terms. So even if this change did mean Mr G couldn't now get the best deals on credit elsewhere, I wouldn't say that meant NewDay had to reopen the card for him, or to pay him compensation.

I know that Mr G will be disappointed, but, like our investigator, I also think that an apology for the fact that its letter could have been clearer, is all that NewDay needs to do in this case. So, although Mr G will be disappointed, I don't think his complaint should be upheld.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 6 December 2023.

Esther Absalom-Gough
Ombudsman