

The complaint

Mrs P complains that NewDay Ltd trading as John Lewis Credit Card refused her credit card account application.

What happened

Mrs P says NewDay took over the running of her credit card account and was invited to re-apply for it. She says the application was refused and NewDay hasn't told her why. Mrs P says she feels like she has been discriminated against and would like the account to be opened.

NewDay says it considers a number of factors when considering an application and declined Mrs P's application due to a default on her credit file. It accepts that Mrs P was kept waiting on a number of telephone calls and has offered £35 for that part of the complaint.

Mrs P brought her complaint to us, and our investigator upheld the complaint and recommended a total of £100 compensation. The investigator thought NewDay should have told Mrs P the reason for the account refusal and hadn't acted in line with the Lending Standards Board (LSB) guidance that a firm should provide the main reason for an account refusal.

NewDay doesn't accept that view and says it did provide reasons and it's up to it to decide to whom it lends to.

I asked both sides for further information and in particular wanted both sides to provide information about when and if Mrs P asked for the exact reasons for the refusal.

NewDay has provided the telephone calls but hasn't provided details of Mrs P's initial complaint.

Mrs P has simply provided the final response letter from NewDay but hasn't provided her letter or e-mail of complaint.

My provisional decision

I issued a provisional decision on this complaint and said I came to the provisional view that NewDay did provide reasonable information about the main reason for the account refusal, and I had not seen any evidence that Mrs P requested further information. I said I hoped both sides would provide the requested information about when and if further information was requested about the refusal decision.

I looked carefully at NewDay's final response letter which I accepted was likely to be a generic account refusal letter. I appreciated that NewDay is likely to have to deal with numerous applications and that it's entitled to make a commercial decision on how to respond to any rejected applications for accounts.

I explained that the LSB says that lenders should provide the high-level reasons on which it

will decide to lend and provide the main reason for an account refusal. The final response letter from NewDay provided details of the factors NewDay considered but I thought also made clear that Mrs P's credit file was considered. I was satisfied that NewDay did reasonably make clear that it considered factors on Mrs P's credit file and that was the reason for the account refusal. So, I was satisfied that NewDay made reasonably clear that the main reason for the account refusal was due to information on the credit file.

I said I can't be sure, for the reasons I explained, that Mrs P then asked for details of the exact adverse information that was on her credit file. If she did then I would have expected NewDay to have provided that information and can't see why it would not do so. I made clear that I agreed with the investigator that NewDay was reasonably entitled to reject the application in circumstances where there was evidence of a default on Mrs P's credit file.

I said the key issue here was if NewDay provided reasonable information to Mrs P that gave her the main reason for the account refusal. I thought the final response letter from NewDay told Mrs P the issue was with her credit file which I would have expected her to have been aware of. I made clear that at that stage I couldn't be sure Mrs P asked for further information. I said if either side provided further information on that point, I would of course consider it.

I appreciated the call wait times were not Mrs P's main complaint point but thought the compensation offer of £35 was fair and reasonable. I didn't think the inconvenience of the call wait times justified further compensation or caused any significant impact.

I made clear that I listened to the three calls between the parties but accepted the last call appears to have cut off. I couldn't fairly have expected NewDay to have treated that call as a request for the exact reasons for the account refusal in those circumstances, due to it ending before any agreement was reached.

I appreciated what the investigator said here and appreciated that of course there is an element of how to interpret what the LSB says. I accepted that NewDay says it provided the main reason namely an issue with the credit file whereas Mrs P said the main reason was the default. I looked at the letter and was satisfied that it reasonably explained the main reason but in more general terms than stating it was a default that caused the refusal. I thought in those circumstances it would be for the applicant to request further information or be aware of what may be contained on a credit file.

I made clear that I had not seen any evidence of discrimination as Mrs P suggested and was satisfied it was clear NewDay refused the account application due to a default on her credit file. I said it follows that I wouldn't be able to fairly direct NewDay open an account for Mrs P as she would like.

Mrs P has replied to my provisional view and says she called NewDay about her complaint. She disputes that she had a default on her credit file but accepts the compensation offer for the call problems.

NewDay has not replied

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 have reached the same overall view that I reached in my provisional

decision and for the same reasons. I have not seen any evidence that Mrs P requested further information about the exact reasons for the account refusal.

I appreciate Mrs P says the default is not correct, but I have looked at NewDay's records and can see there is one registered. I think Mrs P could have provided evidence from her credit file if she disputes it, but I have not seen any evidence of a mistake.

My final decision

My final decision is that I don't uphold the main part of this complaint and find NewDay Ltd trading as John Lewis Credit Card has made a fair and reasonable compensation offer of £35 for the telephone contact problem which I now direct it pays Mrs P if she accepts this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 23 September 2023.

David Singh
Ombudsman