

The complaint

Mr B complains that NewDay Ltd declined his credit card application.

What happened

For several years, Mr B held a well-known high street store brand credit card. The credit facility was initially provided by a third-party bank until NewDay took over.

When the brand moved to NewDay as the new credit provider, a new application was required. Mr B applied, but his application was declined. Mr B was unhappy that NewDay didn't accept his application, so he decided to complain.

In short, Mr B said that he thought NewDay hadn't complied with the principles of Treating Customers Fairly ("TCF"). He felt that existing customers should've been given a new agreement in place of their old one. Ultimately, Mr B felt that he – and others like him – had been cast aside and that NewDay hadn't shown the duty of care that it should.

NewDay sent its final response to Mr B on 30 November 2022. In it, NewDay said that it had taken several factors into consideration when assessing Mr B's application. Unfortunately, though, Mr B hadn't met its eligibility criteria. So, NewDay hadn't accepted his application.

Mr B remained unhappy. In May 2023, he contacted our Service for an independent review. An Investigator here looked at what had happened and, overall, didn't think NewDay had done something wrong. In summary, the Investigator said that NewDay – as the new credit provider – was entitled to request applications from new, incoming, customers. That was so it could ensure any lending decisions were made responsibly.

The Investigator also explained that NewDay was able to assess those applications in-line with its own criteria. It had done so here and, unfortunately, Mr B's application had been declined. But that didn't mean NewDay had done something wrong. Rather, NewDay could make a commercial decision whether or not to provide Mr B with credit.

Mr B disagreed. He still felt that NewDay hadn't acted fairly. So, as no agreement has been reached, the complaint 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.

At the outset, given Mr B's strength of feeling on the matter, I think it's important for me to be clear that our role is to investigate individual complaints. I have no power to make or change rules for financial businesses. Nor is it for me, or our Service, to require a business to alter its own policies and procedures. These aspects fall firmly within the remit of the regulator, the Financial Conduct Authority (FCA).

I'll also say that I haven't commented on each and every point Mr B has made, even though I've considered them. I hope he won't take that as a discourtesy; my approach here is simply to align with our informal purpose.

Having reviewed what happened, I can see Mr B's perspective and I understand why he's unhappy. He was a long-standing customer of the brand and, in turn, the previous credit provider. It's understandable that he'd think his relationship with that credit card brand could continue, and I can appreciate why he wanted his credit card moved to NewDay without the need for a fresh application.

That said, while it's true that he'd had the credit card for some time, the fact is that Mr B was a new customer to NewDay. So, with that in mind, I don't think it was unreasonable of NewDay to carry out an assessment of his circumstances – before providing him with credit – to ensure that any decision it made to lend was made responsibly. In fact, that's what I'd expect it to do.

Unfortunately, Mr B's application wasn't successful. NewDay did, though, provide Mr B with more detail about why. Specifically, it explained that he didn't meet its criteria because he was unemployed at the time of his application. So, overall, NewDay has provided Mr B with its decision and its key reasoning. Again, that's something I'd expect it to do.

On that basis, I can be reasonably satisfied that Mr B was treated no differently to any other new customer in a similar position. And while I'm sure he's already aware of this; NewDay is entitled to set its own criteria and assess applications against it. I've no reason to doubt that NewDay's criteria is just as it's said it is. So, given Mr B's application didn't meet it, I don't think NewDay was wrong to decline the application. There's nothing, in my view, inherently unreasonable about that.

I know Mr B sees NewDay's wider actions here as breaching the principles of TCF, and I've also noted his general unhappiness at the change from the previous credit provider. But my role is to focus on the circumstances of this individual complaint and, for the reasons I've explained, I don't find that NewDay treated Mr B unfairly – or contrary to TCF guidelines – by requiring him to apply or when it assessed his specific application.

I recognise that what I've said here will be disappointing for Mr B. I have empathy for the position he's found himself in, given he didn't have a say in the brand changing its credit provider. But even so, in all the circumstances of this complaint, I don't think NewDay treated Mr B unfairly.

Instead, I think it assessed his application against its lending criteria and reasonably decided to decline it based upon Mr B's circumstances at the time. So, it follows that I don't require NewDay to do anything more.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 October 2023.

Simon Louth
Ombudsman