

The complaint

Mr L complains that NewDay Ltd declined his application for a credit account.

What happened

This service has previously considered a complaint about a declined application Mr L made for a credit account with NewDay. This complaint wasn't upheld by the Investigator, as they felt that NewDay hadn't acted unfairly in declining the application. However, as part of that complaint, NewDay said:

"However, we have recently made further enhancements to our strategies and therefore Mr L can re-apply."

"We can't guarantee that Mr L will be accepted but assuming there has been no further material changes, the application should be approved."

Subsequently, Mr L went ahead and applied for the account again, however he has explained that he wasn't able to make it past the eligibility criteria, and his application was again rejected. I can see from Mr L's submissions on his previous complaint that he had concerns about applying again, because he didn't want a declined application to show on his credit file. But it seems that based on what NewDay had said to Mr L, in implying the application should be approved, Mr L went ahead.

Mr L complained to NewDay about this again but received no response.

The Investigator requested a business file from NewDay, but it only provided its casefile for the previous complaint. Despite the Investigator requesting a file for this new complaint, NewDay hasn't responded.

The Investigator upheld Mr L's complaint and thought that NewDay should pay Mr L £200. That's because NewDay hadn't been able to provide this service with any information about why Mr L's most recent application didn't meet the eligibility criteria. And the Investigator felt that if Mr L doesn't meet the eligibility criteria, this should have been obvious to NewDay from the outset, and so it shouldn't have told Mr L that his application would likely be approved.

Mr L accepted the Investigators view. But NewDay didn't respond at all. The Investigator then went back to NewDay and explained that we would also expect NewDay to remove any trace of a credit search, if one happened, in relation to this second application. Again, NewDay didn't respond to this.

Because NewDay didn't reply to say whether it accepted the Investigators view, the complaint has been passed to me to make a decision on the matter.

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 considered all of the information available to me, I uphold Mr L's complaint – for much of the same reasons as the Investigator.

It is disappointing to see that NewDay hasn't provided this service with any information relating to Mr L's new complaint, despite requests from the Investigator for this information. Subsequently, I don't know why Mr L's application didn't pass the eligibility criteria.

Without any further information, I can't fairly say that NewDay has acted fairly or reasonably in declining Mr L's most recent application. And it currently seems that the advice it gave Mr L to reapply for the application was either incorrect or misleading. While I accept that NewDay explained that it couldn't guarantee that Mr L would be accepted for the account. It did also say that if there hadn't been any material changes in Mr L's situation, which I'm not aware there has been, that the application would likely be approved – which didn't happen.

I also accept that it's possible that Mr L's application declined for another reason – for example, it's possible there could have been an IT issue when the application was processed. But because NewDay hasn't responded on this complaint at all, I can't be sure of what happened when Mr L made the second application. So I can't find that Mr L has been treated fairly.

Putting things right

To compensate Mr L for the inconvenience of applying for the account again, NewDay should compensate Mr L £200. It should also remove any credit searches applied to Mr L's credit file relating to this second application.

My final decision

For the reasons set out above, I uphold Mr L's complaint. I order NewDay Ltd to put things right for Mr L by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 21 November 2023.

Sophie Wilkinson
Ombudsman