

## **The complaint**

Ms G complains about the service she received from NewDay Ltd trading as John Lewis Credit Card ("NewDay") when she applied for a credit card.

## **What happened**

Ms G had a John Lewis credit card account which she had held for a number of years. In October 2022, John Lewis changed its credit provider to NewDay. As a result, customers had to apply to NewDay for a new card. Customers who were accepted for the new card were given an introductory offer, which meant they would receive triple reward points on eligible purchases for the first 90 days after being accepted for the new card.

Ms G decided to apply for the new card and did so over the phone from a John Lewis store. She spoke to one of NewDay's agents. But she wasn't happy with the way the agent handled the application and says she felt pressured to set up a Direct Debit, which didn't suit her. She says the agent appointed an Online Account Manager as well, even though Ms G didn't want this. She found the agent very rude and didn't feel comfortable to go ahead, so she asked for the account to be cancelled under the cooling-off process.

Ms G thought that would be the end of the matter. But, shortly afterwards, she received emails and text messages confirming that an account had been opened for her. Ms G queried this with NewDay. The second agent she spoke to confirmed that the account had been closed. He said that, because this had happened within the cooling-off period, any effect on Ms G's credit rating would be temporary and, ultimately, it would be as though the application had never been made. He suggested that Ms G check her credit rating online, which is not something she wanted to do.

Ms G remained unhappy about the situation and concerned about the impact it might have had on her credit file. She raised a complaint. NewDay accepted that the attitude of the first agent had been inappropriate. It understood why Ms G had chosen not to proceed with the account based on that call. It also said that the second agent had made mistakes. He should have raised a complaint for Ms G. And he gave her incorrect information about the way the account had been closed and the effect on her credit file.

NewDay told Ms G that the account hadn't been closed correctly. Instead of closing it through the cooling-off process, the agent had cancelled it through the normal process. This meant that the account and hard credit search would show on Ms G's credit file. NewDay said it would remove these entries straight away but said it could take up to 90 days for the changes to show on her credit file. NewDay also said that, if Ms G wanted to re-apply for a John Lewis credit card, she would have to wait at least six months before doing so and that there was no guarantee what the outcome of any future application would be. NewDay paid Ms G £100 as an apology for the trouble it had caused her.

Ms G remained unhappy about the situation and asked this service to look at the complaint. She wanted to be sure that the account had been removed from her credit file and that she wouldn't be turned down for any future borrowing because of it. She said that, if NewDay's agent hadn't pressured her into setting up a Direct Debit, she wouldn't have cancelled the

account. So, she said she would have benefitted from having the credit card, including receiving triple reward points under the introductory offer. She said that NewDay should compensate her for this as well as the stress and anxiety it has caused.

I issued a provisional decision on 13 October 2023 indicating my intention to uphold this complaint. I recommended that NewDay pay Ms G further compensation of £100 and send her reward vouchers to the value of £50. NewDay accepted these recommendations. But it said it couldn't issue John Lewis vouchers. It offered to send Ms G another type of voucher to the value of £50. Alternatively, it said it could pay the £50 as cash rather than vouchers.

Ms G was disappointed with the level of compensation I'd recommended. She said she hasn't re-applied for a credit card because she has been waiting for the outcome of this complaint. But she said that, in the meantime, she has continued to shop regularly and has made some significant purchases, all of which she could have made on the card but for NewDay's mistake.

### **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 considered Ms G's comments and looked at everything again in order to make this final decision. I'm sorry to disappoint Ms G, but I'm afraid I haven't changed my mind about the amount of compensation which NewDay needs to pay here. My reasons are set out below.

NewDay accepts that the service Ms G received from its agents wasn't satisfactory, particularly during the first call. It accepts that she decided not to go ahead with the account because of that call. NewDay also accepts that it should have closed the account using the cooling-off process and, because it didn't do so, the account and a hard search were recorded on Ms G's credit file. As these issues aren't disputed, I don't need to look into them in detail here. Instead, I'll focus on whether NewDay has done enough to put things right for Ms G following these mistakes.

Starting with Ms G's credit file, NewDay agreed to update this to put it in the same position it would have been in if the account had been closed through the cooling-off process. It says this means removing the hard search which had been carried out during the application as well as removing the account itself. NewDay says it requested these changes on 17 November 2022. I haven't seen Ms G's credit file but, from the information available to me, I'm satisfied that NewDay requested these corrections. I haven't seen any evidence that Ms G suffered any adverse credit impact, either before the changes were made or since. So, I don't think NewDay needs to do any more in relation to the credit file.

Ms G is unhappy about having to wait six months before she could apply for a card again, as well as NewDay's comment that it couldn't guarantee the outcome of any future application. It's generally advisable to wait around six months between credit card applications because multiple applications within a short space of time can be detrimental to a customer's credit score. I wouldn't expect NewDay to tell Ms G that a future application would be approved or tell her what credit limit she might be offered in future. Those are decisions which a business can only make when a customer actually applies. So I think what NewDay told Ms G was correct. But she's only in this position because of NewDay's mistakes, so I'll consider this in more detail.

Ms G says she doesn't want to apply for any other credit cards. It was only the John Lewis credit card which she wanted as she'd had one for several years without any problems. The only reason she was having to re-apply was because the credit provider was changing to

NewDay. Ms G was approved for a credit limit of £4,000, which she was happy with. It's not in dispute that the reason she withdrew from the application was the service she received from NewDay, which wasn't in line with NewDay's expectations. I'm satisfied that, but for NewDay's poor service, Ms G would have let the application run its course. She had already been approved for the card. So, she would have had it from November 2022 onwards. But, because of the issues which arose, she hasn't had a credit card since then.

Ms G says she would have benefitted from having the card. It would have provided a credit facility as well as the protection which comes with making purchases on a credit card. So I think she's suffered a negative impact by not having the card. But I can't conclude that it was so important for Ms G to have the card that she has suffered significant detriment by not having it. That's because Ms G still hasn't re-applied for the card. I realise she was waiting for the outcome of this complaint. But I think that, if it was so important to her to have the card and be earning reward points, she could have applied by now. The outstanding complaint wouldn't have stopped her from doing that or affected her application. I've also taken into account the fact that Ms G said on the call recording that she was in two minds about applying for the card in the first place. I've taken all these factors into account to decide what would be a fair amount of compensation here.

Ms G says that what she particularly liked about the John Lewis credit card was the fact that she earned points when she used it and she would receive reward vouchers every few months. Customers who were accepted for the NewDay card received triple points for the first 90 days. Ms G was accepted for the card in October 2022 and I find that the triple points offer would have been available to her for 90 days from the date she was accepted.

I've seen Ms G's credit card statements for the 13 months up to October 2022. I'm satisfied that, if she'd had the card, she'd have used it regularly while the offer was on. I understand that triple points were only available on certain purchases. Based on Ms G's past spending and her comments about how she used the credit card and why she wanted it, I find it likely that she would have made eligible purchases during the offer period. She would also have continued to earn regular points in the usual way.

Ms G says that the nature of her spending since this complaint began means she could have earned a significant number of reward points on the card in that time. I don't doubt this. But I'm looking at the situation impartially, and I think it's also relevant that Ms G knew she was giving up the chance to earn points (including the triple points offer) when she decided to cancel the account.

In my provisional decision, I recommended that NewDay send Ms G reward vouchers to the value of £50. For the reasons above, I still think this is a fair amount. But NewDay has since confirmed that it can't issue John Lewis vouchers and Ms G said she would prefer to have cash instead of alternative vouchers. So, I'm going to ask NewDay to pay this part of the redress as cash instead of vouchers.

I think NewDay should also pay Ms G some compensation for the distress and inconvenience she has suffered. She had an unpleasant experience when speaking to NewDays' agent, which she described as "*alarming*". She then discovered that the account hadn't been closed properly and had been recorded on her credit file. She was very concerned about negative repercussions from this and says she had never had cause to worry about her credit file before. NewDay then gave her incorrect information about how her credit file would be affected. And she was left without a credit card and unable to apply again straight away. I think it's understandable that this was worrying and frustrating for Ms G. She also had to spend time contacting NewDay to find out what had happened, and it was only as a result of her complaint that it came to light the card hadn't been cancelled correctly.

I'm sorry to disappoint Ms G, but I still think that £200 is a fair amount of compensation for the distress and inconvenience she experienced. This is in addition to the £50 referred to above in relation to the reward points. That means the total compensation for this complaint is £250. As NewDay has already paid £100 to Ms G, the effect of my decision is that it will have to pay her a further £150.

### **My final decision**

For the reasons above, I uphold this complaint. NewDay Ltd trading as John Lewis Credit Card should pay Ms G further compensation of £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 14 December 2023.

Katy Kidd  
**Ombudsman**