

The complaint

Mr T complains NewDay Ltd said he'd need a mobile phone and an email address if he and his wife wanted to carry on using their credit card.

What happened

Mr T says he and his wife have had a John Lewis credit card for over 20 years and they've found it very useful. He does all of his shopping in Waitrose, so having the card meant he had one bill a month which he'd then pay in full. And he'd get vouchers too.

Mr T says he was told that if he wanted to carry on using his John Lewis credit card he'd have to apply for a new account with NewDay and that in order to do so he'd need a mobile phone and an email address. Mr T complained to NewDay saying that he had neither.

Mr T says NewDay wrote to him in November 2022 to say that it wasn't upholding his complaint as it required a mobile phone number and an email address as part of the application process. NewDay explained, for example, that a mobile phone number was needed for verification purposes and in case it needed to contact him urgently. And that an email address allowed it to correspond securely about his application's status and was crucial in the ongoing management of the account. NewDay said that if he was unhappy, he could complain to us. Mr T did so, saying that he was elderly and disabled – as was his wife – saying that the whole process had caused him considerable distress and inconvenience at what was already a difficult time for him given that his wife's health.

One of our investigators looked into Mr T's complaint and said that they thought NewDay hadn't managed Mr T's application well but that it wasn't unfair or unreasonable to say he needed a mobile phone in order to apply for his new card. They recommended that NewDay pay Mr T £100. NewDay said it had done nothing wrong, so shouldn't be paying any compensation. Mr T said he thought £200 was more appropriate. As neither party agreed, this case was referred to an ombudsman for a decision and passed to me.

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.

Last month I issued a provisional decision. That provisional decision said the following:

"I'm satisfied that Mr T was told that he'd need to apply for a new credit card – with NewDay – by the end of October 2022 as his existing John Lewis credit card would stop working. I'm also satisfied that he was told by NewDay that he'd need a mobile phone and an email address if he wanted to carry on using his John Lewis credit card. And that one of the main reasons why NewDay said Mr T would need a mobile phone is because at the time it said it needed to have a mobile phone number for verification purposes. Or, to put it another way, in order to apply strong customer authentication. NewDay has since said that it can send one-time passcodes to landlines in order to verify its customers. The FCA has issued guidance that makes it clear that businesses shouldn't offer mobile only alternatives for authentication – something NewDay accepts. So, I don't think it was fair of NewDay to say to Mr T that he'd need a mobile phone for verification purposes. That wasn't the only reason, however, that NewDay gave for needing a mobile phone number. NewDay also said that it needed a mobile phone number in case it needed to contact Mr T as a matter of urgency – for example, in the event that it wanted to contact him about any suspicious transactions on his account. So, I've considered this too as well as the reasons why Mr T didn't want to supply a mobile phone number.

Mr T has told that he has a landline, doesn't have a mobile and doesn't want a mobile. And he doesn't have an email address and doesn't want one either. His reasons for not wanting a mobile are, as far as I can tell, generational. He doesn't see the need for a mobile phone, nor is he comfortable with the idea of one. I don't think Mr T's position is unreasonable. More importantly, given that NewDay has confirmed that it's able to send one-time passcodes to landlines for verification purposes, and could block a card that it thought was being used fraudulently, I don't agree that NewDay has given a particularly good reason why in this case someone who had been an existing John Lewis card holder should need to provide a mobile phone number. The same applies to the idea that Mr T needed to have an email address.

In the course of investigating this complaint, NewDay said that it had reconsidered its approach given the number of complaints it had received, and that it had agreed that customers who didn't have a mobile phone could go to a John Lewis store and complete the application process there. The proposal put forward required the customer to bringing photo ID into store and supplying a landline number. The proposal also suggests to me that NewDay doesn't need a mobile number. Mr T says he was told to go to his nearest John Lewis store and that he did so in order to complete an application in store. He did so in October or November 2022 before NewDay told us that customers who didn't have a mobile phone could go to a John Lewis store and complete the application process there. I'm satisfied that despite being told to go to his nearest John Lewis store so that he could complete his application – notwithstanding the fact that he didn't have a mobile phone or an email address – that he was still asked for a mobile phone number and an email address and then told his application couldn't be completed without one. More importantly, I'm satisfied that with everything else that was going on in Mr T's life at the time, and given the effort that he'd gone to, that this was extremely upsetting and frustrating for him and left him in a state. This could have been avoided had NewDay had provided alternatives when it originally wrote to Mr T to let him know he'd have to apply for a new account with NewDay if he wanted to carry on using his John Lewis credit card. In the

circumstances, I don't agree with NewDay that it did nothing wrong in this case if – as it says – Mr T was given incorrect information by Waitrose which is something I don't, in any event, entirely accept.

Mr T has told us that he still shops at Waitrose but now has to use cash instead which is more inconvenient and means that he also misses out on rewards. He's also told us that because of everything that's happened he doesn't want a John Lewis card anymore. Given what I've already said about Mr T's circumstances – and his wife – and the inconvenience he was put to as well as costs he incurred getting taxis etc, I don't think an award of £200 would fairly reflect the considerable distress and inconvenience Mr T and his wife has been caused. Having thought carefully, I consider an award of £500 would be more appropriate. So, that's the award I'm minded to make in this case."

Both parties were invited to respond to my provisional decision. Both did and both accepted.

Putting things right

As both parties have accepted my provisional decision, and as I remain of the view that my provisional decision represents a fair outcome, I'm going to uphold this complaint and require NewDay Ltd to pay Mr and Mrs T £500 in compensation.

My final decision

My final decision is that I'm upholding this complaint and requiring NewDay Ltd to pay Mr and Mrs T £500 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T and Mr T to accept or reject my decision before 5 January 2024.

Nicolas Atkinson
Ombudsman