

The complaint

Ms W complains NewDay Ltd said she'd need a mobile phone if she wanted to carry on using her credit card.

What happened

Ms W says she'd had a John Lewis credit card for over 20 years and found it useful as she shopped at Waitrose on a regular basis meaning she earned points and got vouchers.

Ms W says NewDay told her that if she wanted to carry on using her John Lewis credit card she'd have to apply for a new account with it – by October 2022 – and that in order to do so she'd need a mobile phone. Ms W says she has a landline but doesn't have a mobile phone, nor does she want one – she's elderly and doesn't like technology. So, she phoned NewDay in September 2022 to question why her landline wasn't good enough.

Ms W says NewDay wrote back to her a couple of weeks later to say that it could find no error on its part as it required a mobile phone number for verification purposes and if it needed to contact her urgently. So, it wasn't upholding her complaint. NewDay said that if she was unhappy, she could complain to us. Ms W did so, saying that NewDay was discriminating against her.

One of our investigators looked into Ms W's complaint and said that they thought NewDay had acted unfairly in this case as it hadn't suggested any alternatives to a mobile phone. They recommended that NewDay pay Ms W £50 in compensation and come up with alternatives to a mobile phone.

NewDay agreed to pay compensation but said that it had a workaround in place meaning that Ms W could have gone to a John Lewis store to open her account. In other words, NewDay didn't agree with our investigator's recommendations and asked for this complaint to be referred to an ombudsman for a decision. So, Ms W's complaint was passed to me.

Last month I issued a provisional decision saying that I didn't think NewDay had acted fairly. More importantly, I said that I was satisfied that NewDay's actions had had a substantial impact on Ms W. And that she had clearly found the whole experience very distressing and upsetting, and that it had evidently taken a toll on her physically. So, I said I was minded to award £500 in compensation as I believed that more fairly reflected the impact NewDay's actions have had on her. Both parties were invited to reply to my provisional decision.

Ms W said that she was grateful for the time and consideration I'd given to her complaint. NewDay thought £500 was excessive, that it wasn't the business that had terminated its relationship with John Lewis and that after feedback it had offered applicants an alternative route to apply. NewDay said that it was unfortunate that Ms W couldn't travel to a John Lewis store during the short period of time the option of completing applications was in place. I've now had a chance to consider what both parties have said.

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.

Before I say what I think of this complaint, now that I've had a response from both parties, I think it would be helpful to set out what I said in my provisional decision. In it, I said:

"I'm satisfied that Ms W was told that she'd need a mobile phone if she wanted to carry on using her John Lewis credit card when she called NewDay in September 2022. And that she was also told that she'd need to apply for a new credit card – with NewDay – by the end of October 2022 as her existing John Lewis credit card would stop working. I'm satisfied that one of the reasons why NewDay said Ms W 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 Ms W in September 2022 that she'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 Ms W as a matter of urgency – for example, in the event that it wanted to contact her about any suspicious transactions on her account. So, I've considered this too as well as the reasons why Ms W doesn't have a mobile phone.

Ms W has told that she has a landline, doesn't have a mobile phone and doesn't want a mobile phone. As far as I can tell, Ms W's reasons for not wanting a mobile phone aren't down to her having a disability. In other words, I don't think the Equality Act 2010 and the duty to make reasonable adjustments is relevant here. But I don't think Ms W's position is unreasonable – she doesn't think mobile phones are a good thing. 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 had concerns about, 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 needed a mobile phone.

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 bring photo ID into store and supply a landline number. The proposal also suggests to me that NewDay doesn't need a mobile phone. This option was, however, only available for a short space of time, and in any event Ms W has told us that her nearest John Lewis store is more than an hour away so she wouldn't have been able to get there without great difficulty. So, I don't think that this would have been an option that would have worked for Ms W.

Ms W has told us that she no longer does most of her shopping at Waitrose – she now shops elsewhere – in part because of what's happened here. It's clear that her John Lewis credit card used to save her money when she shopped at Waitrose, was a card she liked using and also meant she had a card in the event of an emergency. In the circumstances, although it wasn't something that Ms W originally asked for, I consider that an award of compensation is the right outcome in this complaint."

I accept that NewDay entered into an arrangement with John Lewis to offer a new Partnership Credit Card to its customers – in other words, that existing cardholders had to apply for a new credit card. But even NewDay appears to now accept – following feedback – that it needed to make adjustments for the application process for customers who didn't have a mobile number. For the reasons I gave in my provisional decision, I think that this was the right thing to do in the circumstances – and it would have been better had this option been available from the outset.

By the time NewDay had made those adjustments, I'm satisfied that Ms W had already been considerably inconvenienced and distressed too. I'm also satisfied that the adjustments weren't ones that would have worked for Ms W – had she been aware of them. So, I don't accept that NewDay did nothing wrong in this case, nor do I think NewDay is necessarily saying otherwise. NewDay accepts that it has caused Ms W inconvenience – but feels £500 is excessive compensation. In effect, NewDay appears to be saying that the impact on Ms W – which is what our awards are based on – doesn't translate into an award of £500. So, I've reconsidered this.

Putting things right

In my provisional decision I said that I was satisfied, having listened to the calls that Ms W made to NewDay when she originally complained, and the calls she's made to us, that the impact of NewDay's actions had been substantial. I also said that Ms W had clearly found this whole experience very distressing and upsetting, and that it had evidently taken a toll on her physically. On that basis, I was minded to award £500 in compensation as I believed that more fairly reflected the impact NewDay's actions have had on her. I remain of the view that NewDay's actions had a substantial impact on Ms W, for the reasons I've just given. And that an award of £500 fairly reflects the impact NewDay's actions have had on her. So, that's the award I'm going to make.

My final decision

My final decision is that I'm upholding this complaint and require NewDay Ltd to pay Ms W £500 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 1 February 2024.

Nicolas Atkinson
Ombudsman