

The complaint

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

What happened

Ms G says she'd had a John Lewis credit card for over 10 years and found it useful as she shopped at Waitrose on a regular basis meaning she earned points and got vouchers.

Ms G 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 G says she has a landline but doesn't have a mobile phone, nor does she want one – she lives in a rural area with poor mobile coverage and has no need for a mobile phone. So, she complained.

Ms G says NewDay wrote back to her in September 2022 to say that it could find no error on its part as it required a number for verification purposes and if it needed to contact her urgently. NewDay said that if she was unhappy, she could complain to us. Ms G did so, saying that other businesses had workarounds for people who didn't have a mobile phone or couldn't use one and that she thought NewDay's requirement was a terrible precedent.

One of our investigators looked into Ms G'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 G £100 in compensation.

NewDay didn't agree with our investigator and said it had done nothing wrong. In addition, 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. So that was an option open to Ms G. Our investigator put this to Ms G, but she said that wouldn't work for her as her nearest John Lewis store was over 50 miles away and that's not a trip she was willing to make at the time solely for the purpose of applying for a credit card. As NewDay didn't agree, this complaint was referred to an ombudsman for a decision and 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 an award of £200 would more fairly reflect the impact NewDay's actions have had on Ms G. So, that's the award I said I was minded to make. Both parties were invited to reply to my provisional decision. Only Ms G did, saying she was satisfied with my provisional decision.

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, 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 G was told that she’d need a mobile phone if she wanted to carry on using her John Lewis credit card when she complained 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 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 G 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 G 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 G doesn’t have a mobile phone.

Ms G has told that she has a landline, doesn’t have a mobile and doesn’t want a mobile. I’m satisfied that Ms G doesn’t have a mobile and doesn’t want one because she lives in a rural area with poor mobile coverage and has no need for a mobile phone. Her reasons for not wanting a mobile aren’t down to Ms G 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 G’s position is unreasonable – mobile phones aren’t reliable where she lives. 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 should need to provide a mobile phone number.

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 number. I can see our investigator put this option to Ms G and that she explained that her nearest John Lewis store was over 50 miles away and that wasn’t a trip she was going to make just for a credit card given her circumstances at the time. I don’t think that was an unreasonable position for Ms G to take. That option is no longer available.”

In order to put things right I said:

“Having looked through the file, I’m satisfied that NewDay’s action have upset and disappointed Ms G. So, I’m minded to award £200 in compensation as I believe that more fairly reflects the impact NewDay’s actions have had on her.”

I remain of the view that NewDay acted unfairly in this case for the reasons I’ve given above. And that an award of £200 in compensation fairly reflects the impact NewDay’s actions have had on Ms G.

Putting things right

For the reasons I’ve just given, I’m going to uphold this complaint and award Ms G £200 in compensation.

My final decision

My final decision is that I'm upholding this complaint and require NewDay Ltd to pay Ms G £200 in compensation.

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

Nicolas Atkinson
Ombudsman