

## **The complaint**

Mr C complains that NewDay Ltd trading as Amazon Card closed his account.

## **What happened**

Mr C had an Amazon branded NewDay credit card. Through the application (app), he received a letter stating that the credit card was closing and that the account would be transferred to their Pulse brand of credit card with NewDay. He said the letter was clear his account was changing, not closing. He says the letter specified the transfer would have no effect on his credit score. As Mr C had received no further details by 7 October 2022 about the new card, he contacted NewDay to enquire about this, but they told him his account would not be transferred, and instead it would be closing. Mr C made a complaint to NewDay.

NewDay upheld the poor service aspect of Mr C's complaint, and they offered him £40 compensation. They said they were required to give him 60 days' notice of the closure of his account, and as such his account was closed on 18 October 2022. They said the call handler Mr C spoke to was on his first week out of training which is why he sounded like he was unsure, but he did go away to find out anything Mr C asked him. Mr C brought his complaint to our service. He also raised points about how they handled his complaint.

Our investigator upheld Mr C's complaint. He said NewDay's letter warns him that his Amazon account will close, and it gives him more than two months of warning, so NewDay didn't act unfairly in closing this account. But he said the letter also says his Amazon account will be replaced with a Pulse account. He said NewDay said that the application to open the Pulse account was declined, but they couldn't provide him with a copy of the application or provide evidence of informing Mr C of this information. He suggested NewDay should pay Mr C £300 compensation for this.

NewDay asked for an ombudsman to review the complaint. They made a number of points. In summary they said the information issued to Mr C confirmed that his account would be rebranded as Pulse, it does not advise that his account will be transferred to a Pulse Card. They said Mr C did not complete an application for the Pulse card as there was no application to complete, the account was purely rebranded from Amazon to Pulse and all the terms and conditions remained the same.

Mr C also provided a number of points for my consideration. In summary, he said NewDay had not explained the reason that they decided to close his account, or more specifically why he was not approved for their replacement Pulse branded card that he was led to believe his Amazon card would be replaced with.

Mr C said NewDay were unable to provide us with evidence that they communicated their decision not to provide him with a Pulse credit card because their decision was made prior to their letter dated 29 July 2022 - the letter that contained information stating that he would be transferred to a Pulse card, and he only found out about this when he spoke to them on 7 October 2022, to a call handler who had access to an internal memo, which he hasn't seen. He said he would like to highlight again that NewDay specifically stated that the change to

their Pulse branded card would have no effect on his credit file, but this was misleading and incorrect.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*Firstly, I'm aware that I've only summarised Mr C's complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.*

*I must explain to Mr C that complaint handling by a business isn't a regulated activity and as such, the issues he's raised that relate directly to how NewDay have investigated his complaint, such as the level of investigation they conducted, does not come under my power to consider.*

*Lenders often have their own internal criteria at which they are comfortable lending to customers. And this can be fluid in the sense that their internal criteria can change over time. And what they once viewed as acceptable risk can change due to a number of internal and external factors.*

*I know Mr C wants to know the reason why NewDay took the decision to close his account, and the reason why he was not approved for the Pulse card. But I'm unable to comment on the exact reasoning that NewDay have taken the decision to close his account and not give him a Pulse card. This is because this is commercially sensitive. And factors they consider when lending can change over time.*

*Based on the credit agreement that Mr C signed on 8 June 2022 at 11:00am, NewDay do have the right to close Mr C's account. The credit agreement says "We can end the Agreement by giving you 2 months' notice in writing. In each case, you (and any additional card holder) must stop using the account. The agreement will continue until you have repaid everything you owe." The credit agreement does not stipulate they must disclose their reasons for closing Mr C's account. And Mr C would also be free to close his account at any time without giving NewDay a reason, so I can't say that NewDay have breached the credit agreement by taking the decision to close Mr C's Amazon account.*

*I've looked at the letter that Mr C was sent dated 29 July 2022. The letter is clear that they are closing Mr C's Amazon account. It is clear that on 14 October 2022 his Amazon account will close. The letter sets out what will happen between 14 October 2022 and when they end the agreement with him. But these steps do not set out that Mr C would receive a new Pulse card.*

*There is reference to a Pulse card app, but this is the name of the app, not an indication that Mr C was going to get a new card for Pulse. The letter says "From 14 October 2022 if your account has a balance you will need to manage your account and make payments through the Pulse Card app, even though we are closing your account".*

*But Mr C paid his outstanding balance in full on 1 September 2022. And he had no outstanding balance on 14 October 2022 so that is why the account was not rebranded to a Pulse account, and his account was closed days after 14 October 2022. Mr C was told on the 29 July 2022 letter that "Once your balance is paid in full, we will send you a final*

statement and end your agreement with us". So Mr C was sent a statement dated 5 September 2022, which was his final statement as his outstanding balance did not increase after this and the agreement was ended the following month.

So I'm not persuaded that NewDay set an expectation that Mr C would receive a card for the Pulse account if he hadn't paid off his outstanding balance by 14 October 2022. There is a section on the letter regarding changes to his credit agreement on 14 October 2022. It says "As your account will be closing, some of these changes (as indicated in the enclosed 'Important changes to your Credit Agreement document), including the changes relating to cashback are not relevant to you (because you will not be able to use your card) and so you can ignore these".

So again, Mr C was told to ignore some of the changes to the credit agreement because they didn't apply to him. So Mr C ought to have been aware that he wouldn't have been getting a new Pulse card from the letter and he would only see changes to the branding if he had a balance on his Amazon account after 14 October 2022.

I've considered what Mr C has said about the impact on his credit file that NewDay's decision to close his account had on him. It would be out of NewDay's control how Credit Reference Agencies (CRA's) view things like credit utilisation.

In terms of what NewDay said to Mr C regarding section seven of the frequently asked questions letter they sent him, it says "Will the closure and changes to my account have any impact on my credit rating". It goes on to address the changes to the account first and says "No, the changes to your account will not affect your credit rating". I'm not persuaded this sentence is inaccurate, as a rebrand itself shouldn't affect anything as his account number would have stayed the same as confirmed by NewDay.

The letter then states "The closure of your account will not affect your credit rating either, once you have paid in full, it will appear on your credit file as a closed and settled account. This is exactly the same result as if you had closed the account yourself." While NewDay are correct to say that the account would appear exactly the same if Mr C had closed his account himself, I don't think they were fair in Mr C's case to say that the closure of his account would not affect his credit rating either.

A credit card can still be closed while there is an outstanding balance. When the letter was sent to Mr C on 29 July 2022, my understanding is that there was an outstanding balance owing on the account. So if Mr C had an outstanding balance on his account after 14 October 2022, then I don't think what NewDay said would be inaccurate in Mr C's case regarding the closure of his account wouldn't affect his credit rating. I say this as while they would have closed his Amazon account and the branding would have changed to Pulse, they would be reporting to the CRA's that he still had a credit limit of £1,000 and they would be showing his outstanding balance until this was repaid, so the credit utilisation aspect wouldn't have changed.

But in Mr C's actual circumstances he had paid the full outstanding balance, therefore his credit utilisation was affected on his credit file when NewDay closed his account, based on his other holdings. But it also could be argued that some CRA's or lenders could view that Mr C's total credit card debt had reduced by £1,000, so some lenders may see this as a positive factor.

I've considered what Mr C has said about his conversations with NewDay over the phone. I asked NewDay if they could send me a recording of these so I could listen to exactly what Mr C was told. NewDay said that due to the time that's passed the call recordings from 2022

*aren't available now, so I'm unable to rely on these here. But NewDay were able to locate a brief transcript of these calls. And Mr C has told us his recollection of the calls.*

*There's no doubt that Mr C has been provided poor service on these calls from 7 October 2022. It appears he was told wrong information about what they had sent him, that things had been sent out in error to him, and the call handler saying this won't affect his credit rating as they were closing his account (as opposed to him closing the account himself).*

*Mr C would have been distressed by the incorrect information that both call handlers had set Mr C. With the letter Mr C received about this not affecting his credit rating and the letter also seemingly backing this up, then an expectation was set that Mr C's credit rating would be unaffected by what happened, which I'm not persuaded that NewDay would be in a position to say how CRA's would view this information. Mr C was given an expectation on the phone that NewDay had made an error and he could get a Pulse card (even though he couldn't, based on the decision Pulse had made prior to the letter being sent to Mr C dated 29 July 2022).*

*NewDay have offered Mr C £40 for the poor service they gave him on the phone. But I'm not persuaded that this reflects the impact the incorrect information had on him. This wasn't just one phone call where he was given incorrect information, or one piece of incorrect information. There were several incorrect statements including this not affecting his credit rating (it did) and telling him he could order a new Pulse card (he couldn't) and he could then apply for a Pulse card (which appears to contradict the previous statement about him being able to order a new Pulse card).*

*I would have expected NewDay to explain to Mr C that they were unable to tell him whether this would affect his credit file as this is out of their control, however, the credit agreement they both agreed to stated they could close the account by giving two months' notice, so they hadn't made an error in making this decision as they provided this notice on 29 July 2022. As NewDay were entitled to close Mr C's account, then I can't ask them to do anything about Mr C's credit file, as how CRA's interpret this information is out of their control, and they have to report accurate information to the CRA's such as when an account is settled. And this is what they have done. It is the explanation to Mr C that they could have made clearer to him, to manage his expectations.*

*So I'm persuaded that NewDay should pay Mr C a total of £100 compensation (less anything they have already paid him) for the poor customer service that they gave him. If they had given Mr C clear information on the calls on 7 October 2022 and given him accurate information about the impact on the credit file, then while their decision wouldn't have changed (and what happened with his credit file wouldn't have been different), an expectation wouldn't have been set also for Mr C, and this would have helped mitigate some of the distress they caused Mr C. So I intend to ask NewDay to put things right for Mr C."*

I invited both parties to let me have any further submissions before I reached a final decision. NewDay accepted the provisional decision. Mr C did not respond to the 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.

As neither party have provided me with any further information to consider, then my decision and reasoning remains the same as in my provisional decision.

### **Putting things right**

In my provisional decision I said I intend to uphold this complaint in part. I said I intend to ask NewDay Ltd trading as Amazon Card to pay Mr C £100 compensation (less anything they have already paid him) for distress and inconvenience. I'm still satisfied this is a fair outcome for the reasons given previously.

### **My final decision**

I uphold this complaint in part. NewDay Ltd trading as Amazon Card should pay Mr C £100 compensation (less anything they have already paid him) for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 6 March 2024.

Gregory Sloanes  
**Ombudsman**