

The complaint

Mr P complains that NewDay Ltd trading as Pulse didn't provide him the service it should have when he wanted to make a balance transfer from his NewDay credit card.

What happened

Mr P had a credit card with a 0% APR that was moved to a Pulse card managed by NewDay. He says that when the 0% APR was due to expire, he applied for a credit card with another provider with a 0% APR with the intention of transferring the balance from his NewDay card to his new credit card. Mr P called NewDay to ask for his 16-digit credit card number so he could arrange the balance transfer, but NewDay said it couldn't provide this because his account was closed. Mr P says he still had a balance of around £9,000 outstanding on his NewDay credit card.

Mr P says that because he was unable to make the balance transfer, he now has to pay interest on the amount outstanding.

NewDay issued a final response letter dated 12 June 2023 not upholding Mr P's complaint. It said that when Mr P called on 24 April 2023, he was told that as his account had been closed, he couldn't complete a balance transfer to another account. It said that Mr P should have been advised that the 16-digit number couldn't have been given as NewDay only sees the last four digits of the credit card number. It also said that Mr P should have been told that once an account has a closed marker added it will stop any actions other than paying by direct debit, debit card or through the online account manager.

Our investigator upheld this complaint as he didn't think NewDay had treated Mr P fairly. He recommended that NewDay cover the interest Mr P is paying on the balance he transferred for one year, and pay him £100 compensation for the trouble, upset and inconvenience caused.

NewDay didn't agree with our investigator's view. It said that the inability to move a balance from a closed credit card account to a third-party credit card account is an industry-wide limitation and that Mr P was given sufficient notice of the closure of the account and what actions to take to keep it open.

My provisional conclusions

I issued a provisional decision on this complaint. My conclusions are set out below.

Mr P was sent a letter dated 9 August 2022. This explained that the partnership between NewDay and Mr P's credit card provider was ending and that his existing credit card would be replaced by a Pulse credit card. The letter explained that if Mr P wanted to continue with a Pulse card then he would need to opt in. It then explained that if he wished to opt out of the new Pulse card then he didn't need to do anything but if he opted out his account would be closed. I can see from NewDay's system notes that Mr P didn't opt in to the new Pulse card by the required date and so his account was closed. I do not find I can say that NewDay did anything wrong in this process.

Mr P called NewDay after his account had been closed as he wanted to make a balance transfer. At this time, he was told that this couldn't happen. I can understand that this would have been upsetting for Mr P. I have looked through the information provided regarding the transfer to a Pulse card and account closure, including the frequently asked questions. These do not make it clear that if the account is closed then a balance transfer cannot be made. That said, I note NewDay's comment that this is an industry-wide limitation.

Based on the information received from both parties, I do not find I can say that Mr P was treated unfairly by not being able to carry out a balance transfer from his closed account, as this was the standard process for NewDay. Also, based on this I cannot say that NewDay did anything wrong by not allowing this to happen. Therefore, I do not find that I can hold NewDay responsible for Mr P not being able to take advantage of the balance transfer to another credit card with a 0% APR or the costs he incurred by taking alternative action.

However, I do not find that NewDay provided the service it should have to Mr P. As noted above a clearer explanation of the restriction on a closed account could have been provided when the transfer to Pulse was being presented. This would have assisted Mr P in deciding how to deal with the outstanding balance on his account before it closed. NewDay has also accepted that it didn't provide the service it should have when Mr P called to ask for his 16 digit credit card number. NewDay has said that it wouldn't have been able to provide this as it only sees the final four digits, but Mr P wasn't told this. It also explained that Mr P wasn't told on the call that once an account has a closed marker added it will stop any actions other than paying by direct debit, debit card or through the online account manager. Based on this I do not find that NewDay provided the service it should have, and this caused Mr P unnecessary stress and inconvenience.

Based on the above, I am not upholding this complaint in regard to NewDay not undertaking the balance transfer, but I do uphold this complaint in regard to the service NewDay provided. Because of this I find that NewDay should pay Mr P £100 compensation.

NewDay confirmed that it had nothing further to add in response to my provisional decision.

Mr P said that while it may be industry-wide practice to take the approach NewDay did he wasn't aware of this, and he was put at a financial disadvantage by not being able to transfer his outstanding balance when he wished to. He said that while NewDay had written to him about replacing his credit card with a Pulse card it didn't set out the disadvantages of not doing this, that is that he wouldn't be able to carry out a balance transfer. Mr P expressed his disappointment with my provisional decision as he felt he had been treated unfairly.

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.

Where the evidence is incomplete, inconclusive or contradictory I make my decision based on the balance of probabilities. That is what I consider most likely to have happened based on the evidence and the wider circumstances. While I take relevant rules and regulations into account my decision is based on what I consider fair and reasonable given the unique circumstances of the complaint.

I understand why Mr P is disappointed by my decision. But, as I have set out, for me to uphold this complaint I would need to be satisfied that NewDay had done something wrong or treated Mr P unfairly.

I appreciate that Mr P is upset that he wasn't able to make a balance transfer from his NewDay account to another credit card account when the 0% APR was due to expire. But as I explained in my provisional decision, I do not find I can say that NewDay did anything wrong or treated Mr P unfairly by following its usual process and not allowing the balance transfer from a closed account. Therefore I do not uphold this part of Mr P's complaint.

I do agree with Mr P that clearer information could have been provided when the potential transfer of his credit card was being presented. I also think that NewDay could have provided better service by explaining why it couldn't provide the 16-digit credit card number and that once an account has a closed marker added it will stop any actions other than paying by direct debit, debit card or through the online account manager. Therefore, as I previously set out, I do not find that NewDay provided the service it should have. Because of this I find it should pay Mr P £100 compensation.

Putting things right

NewDay Ltd trading as Pulse should pay Mr P £100 compensation for not providing the service it should have when he called about a balance transfer.

My final decision

My final decision is that NewDay Ltd trading as Pulse should take the action set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 7 March 2024.

Jane Archer
Ombudsman