

The complaint

Mr O complains NewDay Ltd are refusing to honour the credit limit and interest rate offered to him as an existing customer when his John Lewis store card was transferred over to them.

What happened

The background to this case is well known to both parties, so I won't repeat this in detail.

In summary, Mr O says he should be entitled to the 18.9% interest rate and £15,000 credit limit that was offered via email when his John Lewis card was being transferred over to NewDay. But he says there was an error when he tried to complete the application form, and now NewDay are refusing to honour this offer.

NewDay say that the email offer was subject to their own checks against their lending criteria, and it was never guaranteed to all customers. NewDay say that as Mr O completed a new application a few months after the email offer was sent, their risk measures and lending criteria had changed, and they are now unable to offer him a higher credit limit and a lower interest rate. NewDay have offered him £300 compensation as they have recognised that when he was finally able to apply the details of the cards available had changed. But NewDay maintain that even if the application through the email link had been successful, the offer was subject to further checks and not guaranteed.

Our investigator considered this complaint and on first look felt that it would be right for NewDay to honour the specifics outlined in the email offer. However, NewDay disputed this, so the complaint was passed to me.

I issued my provisional decision on 6 February 2024, in which my provisional findings were as follows:

"I've seen the email which contains the assisted transfer offer sent to Mr O. This states:

"Subject to final checks, we can confirm that you are eligible for the new Partnership Card at 18.9% (variable) with an assumed credit limit of £15,000."

Mr O has also provided his last credit card statement prior to the transfer which shows he had been entitled to a £15,000 credit limit with an 18.9% interest rate prior to the switch. So, he thinks he should've been entitled to this with NewDay.

NewDay have said that this offer was not guaranteed and was 'subject to final checks' as stated in the offer email. NewDay say they have their own lending criteria and their own credit scoring process. And Mr O's application would've still had to go through their internal checks process, even if he had been able to complete the online application from the email link. NewDay have explained that as an "assisted transfer" from the old provider to NewDay they were offering a higher maximum limit of £20,000, rather than £10,000 for a new customer, and a lower interest rate. However, this was still subject to their individual lending criteria.

I think it's reasonable for each lender to have their own criteria for lending and I am not able

to ask a lender to change or adapt their criteria for lending – that is not something we are able to do. The email sent to Mr O clearly stated that the application would be subject to final checks, so I think it was clear that this wasn't guaranteed to any customer.

I have not been provided with much evidence about what happened when Mr O tried to transfer his card to NewDay in August 2022, other than the fact that a 'system error' meant he was not able to do this. So, Mr O says he had to make a new application with NewDay. However, Mr O didn't do this until October 2022. NewDay says due to internal strategic changes in that time they were no longer able to offer Mr O the limit and rates previously offered. They have offered £300 in compensation to apologise for this.

Mr O hasn't told us why there was a delay in making his application to NewDay for his new card. However, I think it's reasonable for a lender to review its lending criteria periodically and amend it according to the financial climate at the time and their ability to lend. It is unfortunate that when Mr O made his new application in October 2022 that the criteria had changed. But as I've said above, we are not able to tell a lender what criteria to set or to change their lending criteria. So, I will not be asking NewDay to do anything further.

For the reasons set out above, I intended not to uphold this complaint."

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.

I invited both parties to respond to my provisional decision. NewDay responded to accept my provisional decision, however Mr O responded to dispute it.

Mr O feels that NewDay are applying new criteria in retrospect for their own convenience. He says that the email offer, read in entirety, gives the impression that the only checks which would invalidate the offer are fraud and anti-money laundering checks – as there is no mention of other internal checks. And as he has passed the fraud and anti-money laundering checks he should have been entitled to the offer as it was set out in the email. But I've read what Mr O has provided carefully alongside other evidence provided and I don't think that only fraud and anti-money laundering checks would've been completed. I'll explain why.

NewDay have said that as a responsible lender, they consider many factors when setting a credit limit to ensure that the card and credit limit is suitable for the individual - for example, the current financial climate, their internal risk policy, and information about the applicant's credit history from credit reference agencies. And NewDay say the email offer was subject to all the above checks, and I think this is probably right.

NewDay have sent us examples of offer leaflets that were sent out to customers transferring their John Lewis cards to NewDay. These set out in more detail the terms of the offer and how to transfer over. The application information sets out that the applicant will need bank statements from the last 12 months and their gross annual income. It also provides a "representative example" interest rate and credit limit. Even though this evidence is not a copy of the email Mr O received, it provides more detail about the application process at the time. And seeing this in addition to all the other evidence NewDay have supplied persuades me that it is more likely than not that even if Mr O's application process had been completed smoothly, he would've been subject to NewDay's own lending criteria and that the details in the offer letter were not guaranteed to every customer.

So having considered the additional points raised by Mr O, I am not upholding this complaint for all the reasons set out in my provisional decision and in this final decision. NewDay have

offered Mr O £300 in compensation for any trouble or upset this may have caused him, and I think this is fair.

My final decision

I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 26 March 2024.

Sienna Mahboobani
Ombudsman