

The complaint

Mrs B complains about issues she's experienced with her John Lewis credit card which is administered by NewDay Ltd.

What happened

Mrs B held a John Lewis credit card account. She's unhappy because she returned from a cruise to find that she'd received several letters regarding non payment on her account. The situation resulted in late payment and interest charges being added to the account and the account being closed and passed to a debt recovery agency.

Mrs B says that she paid the full balance on the account before she went on the cruise. She wants the credit card reinstated and compensation.

Mrs B is also unhappy that she had issues using the card when she was abroad in France. She says she spoke to an agent at John Lewis about this and was promised compensation of £100 which she's never received.

In its final response dated 10 April 2023, NewDay said that a final response in relation to the issues using the card abroad had been sent to Mrs B on 19 January 2023, in which it was explained that the card could be used overseas but only as chip and PIN as the contactless functionality couldn't be used abroad. It said the collections activity on the account was because it hadn't received a payment on the account since 5 December 2022 and the account had fallen into arrears. NewDay said it appreciated that Mrs B had said that she'd made a payment in January 2023 which was returned to her bank, but it said it wasn't responsible for this and suggested that Mrs B contacted her bank directly. It explained the collections process which had been followed and said that the account couldn't be reinstated.

Mrs B remained unhappy and complained to this service.

Our investigator didn't uphold the complaint. He said he didn't think NewDay had acted unfairly or unreasonably. He said he couldn't hold NewDay responsible for the January payment being returned and that they were entitled to take the actions they did, which were in line with the account's terms and conditions.

Mrs B didn't agree. She said she hadn't made an error or missed out a reference number when she made the payment in January 2023, and that up until that point there had been no issues with the payment of her account.

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.

Issues using the card abroad

I'm sorry to hear that Mrs B experienced issues using the card abroad. I appreciate that this

would have caused Mrs B distress and inconvenience.

Mrs B has said that she spoke to a lady in Leeds who offered £100 compensation and an apology. Mrs B hasn't said exactly when this conversation took place or who it was with.

This service has asked NewDay to check its records as to whether it agreed and paid any compensation. NewDay has said that it hasn't been able to find any call records or system notes.

Because there's such a lack of information, I'm unable to safely conclude that NewDay agreed to pay compensation. That's not to say that Mrs B didn't have a conversation with someone from John Lewis about the difficulties she experienced using the card abroad, but because the conversation can't be evidenced, and because of the lack of any reference to it on the system notes, I can't fairly ask NewDay to pay compensation.

Closure of the account and collections process

I've reviewed the bank statements provided by Mrs B. The statements show that a payment of £5,356.78 was sent to NewDay on 3 January 2023. This is the payment Mrs B is referring to as having been made before she went on the cruise.

On the same statement I can see that the payment of £5,356.78 was returned by the bank on 5 January 2023. It isn't clear whether Mrs B realised that the payment had been returned but based on what I've seen, I suspect that she didn't notice. That said, it's a significant sum and I would have expected Mrs B to have noticed that her bank account was significantly more in credit than expected and to have checked and attempted to make the payment again.

Mrs B has said that there were never any issues with payments to the account previously. However, I've seen that a payment of £2,815.16 made to John Lewis on 2 November 2022 was returned by the bank on 4 November 2022. When that payment was attempted again on 9 November 2022, it was made to NewDay (as opposed to John Lewis). I can't tell from the statements alone what the issue was, but it does appear that it happened more than once.

I can see that Mrs B contacted NewDay in March 2023 having returned from her cruise and discovered several letters about the arrears on the account. NewDay refunded some interest and fees but there doesn't appear to have been any attempt by Mrs B to pay the arrears at this stage.

The account was subsequently closed and transferred to a debt collection agency. I appreciate that Mrs B feels very strongly that this shouldn't have happened, but given the level of arrears on the account, I can't say that NewDay made an error by following its processes. I haven't seen anything to suggest that the returned payment in January 2023 was caused by NewDay. The terms and conditions of the account make it clear that NewDay can follow its process and close the account if arrears remain unpaid.

I appreciate that this has been a frustrating experience for Mrs B but having reviewed anything, I'm not persuaded that NewDay has treated her unfairly or unreasonably. So I won't be asking NewDay to do anything further.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or

reject my decision before 17 April 2024.

Emma Davy
Ombudsman