

The complaint

Mrs S complains that NewDay Ltd trading as John Lewis Partnership (NewDay) is asking for identification documents she doesn't have in order to apply for a credit card.

What happened

Mrs S has held and used a John Lewis Partnership (JLP) branded credit card for a number of years. In 2022, JLP made the decision to change the credit provider behind its credit card to NewDay Ltd. As a part of the change, all customers had to re-apply to NewDay for a new card.

NewDay's original invitation said that any prospective customer had to have an active mobile phone number and access to the internet. This stopped Mrs S (and others) from taking out the new account with NewDay. In response to feedback, NewDay introduced an assisted sign up procedure which involved visiting a JLP store with photographic identification. The items mentioned were a valid passport or driving licence. However, Mrs S's identification was out of date and so when she visited a store, she was told the application couldn't go any further.

Mrs S raised a complaint with NewDay. She said that she had been diagnosed with a serious health condition and that as a result she didn't have a valid passport or driving licence. Mrs S said that as a loyal customer, and former partner of JLP, there should be a process by which she could apply for a card without the photographic identification.

NewDay wrote back to Mrs S but didn't uphold her complaint. It said it had put in place a process to help customers who didn't have access to mobile phones but the identification was essential and so, regrettably, it couldn't progress Mrs S's application.

Mrs S remained unhappy and brought her complaint to this service where one of our investigators reviewed it. Initially, their opinion was that NewDay hadn't done anything wrong – because it was entitled to set its own policies and procedures when deciding who should be able to apply for one of its cards.

Mrs S disagreed and pointed out that she was vulnerable given her health condition and that NewDay had done nothing to assist her further given her vulnerabilities. Our investigator asked NewDay to provide its policy on what it might accept as valid identification if a passport or driving licence wasn't held. NewDay didn't provide such a policy but said that only a passport or driving licence could be accepted as valid identification.

Our investigator's opinion changed, and upheld the complaint because they thought more could've been done to help Mrs S given her vulnerabilities. They suggested redress should be either considering other forms of identification for Mrs S and £250 for the distress and inconvenience or £500 if different identification couldn't be considered.

NewDay disagreed with the investigators opinion and asked for the case to be decided by an

ombudsman. So, it was passed to me.

I issued a provisional decision where my findings were as follows:

I think it's useful to make the distinction here between JLP and NewDay because it's fundamental to some aspects of this complaint.

Mrs S has told us that she formerly worked for JLP and has been a loyal customer using a JLP branded credit card over a number of years. For this reason, Mrs S doesn't see why the card she's had for years can't just be renewed. I understand Mrs S's point of view – and I can see why she feels upset at not being able to have a new JLP card. But the decision to provide credit here is one that is being made by NewDay as a lender, albeit on a JLP branded card. As a lender – NewDay is entitled to decide on the processes and policies it has for customers to apply for borrowing.

Mrs S thinks she's renewing her card - but that's not the case. JLP changed their credit provider to NewDay in 2022 and as Mrs S hadn't borrowed from NewDay before – it asked her to complete an application for a new card with it. So, I think it's reasonable that it should want to have an application process to make sure JLP's existing card customers met its criteria as a lender.

In response to feedback from JLP's customers, NewDay introduced an amended application process where potential customers could visit a John Lewis store and be assisted by a partner in completing the application process. I've seen a generic copy of the letter sent to previous JLP cardholders and can see it says that the customer would need to take with them to store 1) a copy of the letter; 2) a form of photo id such as a valid full driving licence or passport; 3) their landline phone number; and 4) the unique reference number from the invitation to apply (if available).

Whilst on the face of it these don't appear unreasonable, there will be times when a customer is unable to provide these specific pieces of information because of their individual circumstances. That's the case for Mrs S here.

Mrs S was told that because her passport wasn't valid, her application couldn't go any further. But this approach appears to exclude those customers who don't drive and don't need a passport.

In an answer to our investigator NewDay said their process was to request a photographic identification and unless a passport or driving licence were provided in store, they would be unable to complete the application. While I accept the need for identification like this – such a strict adherence to its policy here has, I believe, led to an unfair outcome in Mrs S's individual circumstances. I think what would have helped here is for NewDay to have been more flexible and to have explored how else it could have helped Mrs S with her application.

That's supported by what NewDay said when I asked it to provide me its policy on acceptance of alternative identification if a driving licence or passport wasn't available. NewDay responded to say

The application would have triggered a referral, requiring the John Lewis associate to reach out to the NewDay Underwriting team and inform about the customer's lack of mobile device or acceptable Photo ID. Once the application was reviewed, this would've indicated whether the customer had been accepted. This may involve other forms of accepted ID in line with NewDay Policy.

This answer suggests there are other forms of acceptable identification contradictory to what our investigator was told. From what I've been told and the evidence I've been provided, I haven't seen that Mrs S's application was 'referred' as NewDay confirms it should have been. So I'm satisfied that NewDay could have done more to have helped Mrs S with her application.

But, that doesn't mean that I can now tell NewDay that it should give Mrs S a JLP branded credit card as she'd like. NewDay is allowed to decide for itself what its identification requirements are. But identification is only one part of NewDay's application process. There are a number of steps that Mrs S would need to complete after providing this information. After completing these steps, it would be for NewDay to decide whether it'd be willing to provide Mrs S with credit or not. That's a decision it's entitled to make as a business.

Putting things right.

While I can't tell NewDay to give Mrs S a branded card as she'd like, I think it needs to compensate Mrs S for the distress and inconvenience she was caused by not helping her more with her application. It's clear this means a lot to Mrs S and she feels very strongly about this. While I can't know what would have happened if NewDay helped her more with her application – Mrs S felt let down and unappreciated as a vulnerable customer. She explained what her circumstances were and yet NewDay didn't act proportionately to see what more it could do in respect of her application.

Our investigator has suggested an award that depends on whether NewDay can accept further identification or not. But in my view, that doesn't resolve this complaint in a fair way and leaves things open ended for both Mrs S and NewDay. I think what's fairer here is for NewDay to pay £250 to reflect the impact of its actions on Mrs S. She remains free to apply for a card and I'd expect NewDay to do what it can to help her do this. But I can only consider the circumstances of this individual complaint and in doing so – I think paying Mrs S £250 is a fair way of resolving this.

Both Mrs S and NewDay have responded to say they agreed. So, I now have to reach a final decision on 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.

Both NewDay and Mrs S have responded to say they agree with my provisional decision and so I consider that what I suggested remains the fair and reasonable way to resolve this complaint - so it's this NewDay should now do.

My final decision

I uphold this complaint. NewDay Ltd trading as John Lewis Partnership Card should

- pay Mrs S £250 for the distress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 23 April 2024.

Stephen Farmer
Ombudsman