

## **The complaint**

Mr L complains that NewDay Ltd trading as Argos Credit approved a credit card instead of the store card he applied for. Mr L also complains that NewDay lent irresponsibly when it approved his credit card application. Mr L also says that despite asking NewDay to cancel the credit card, it failed to do so.

## **What happened**

In July 2021 Mr L successfully applied for credit with NewDay. Mr L's explained he thought he was applying for a store card, but a credit card application was completed instead.

In his application, Mr L said he was renting privately and employed with an income of £14,000. NewDay carried out a credit search and found Mr L had around £100 in unsecured credit with other businesses. NewDay says it applied its lending criteria and approved a credit card with a limit of £800. NewDay sent Mr L a credit agreement and associated terms and conditions that set out how the credit card worked and the limit approved. The terms said Mr L had 14 days to withdraw from the agreement.

Mr L says he contacted NewDay after the credit card was approved and asked to cancel it. NewDay says it has a record of Mr L's call on 21 July 2021 and that he asked whether a store card had been approved. NewDay's records show the agent confirmed a credit card had been applied for and approved, not a store card, but there was no record of Mr L asking to close the account.

Mr L's explained that a short time later he had to pay for some dental work and used his NewDay credit card. Mr L made the first payments on time but by November 2021 arrears began to accrue. The credit card was ultimately closed at default and NewDay later sold it to a third party I'll refer to as C.

Recently, Mr L complained that NewDay had lent irresponsibly, provided a credit card instead of a store card and failed to cancel the account when he asked it to. NewDay issued two final responses and upheld Mr L's complaint. NewDay provided details of the information it had used when considering Mr L's case. Whilst NewDay didn't agree it had lent irresponsibly, it took Mr L's circumstances into account and agreed to refund all interest, fees and charges applied to his credit card from the date it was approved. The refund was paid to C to reduce the outstanding balance. NewDay said it had made the nature of the credit card clear to Mr L when it sent him the credit agreement. And NewDay didn't find any evidence that showed Mr L had asked to cancel the agreement.

An investigator at this service looked at Mr L's complaint. They thought NewDay had dealt with Mr L's case fairly and didn't ask it to do anything else. Mr L asked to appeal and said he'd applied for a store card, not a credit card. Mr L added that he won't engage with C to repay the outstanding balance. As Mr L asked to appeal, his complaint has been passed to me to make a 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 Mr L has made a number of complaints, I'll look at each in turn. Mr L says he applied for a store card but NewDay sent him a credit card. I can see that on 22 July 2021, around a week after the application, Mr L called NewDay to query the type of account he'd opened. And NewDay's contact notes show it confirmed a credit card had been approved. I'm satisfied the call note shows Mr L was initially unclear about the type of card he'd been sent by NewDay. But I'm satisfied NewDay confirmed it was a credit card during that call.

I think NewDay makes a reasonable point when it says the nature of the account was set out in the credit agreement and associated terms and conditions it sent him. NewDay's explained that when Mr L accepted the credit agreement he confirmed he'd read and understood the nature of the credit card it had approved. I've read the credit agreement and reviewed the terms and conditions but I haven't seen anything that shows NewDay misled Mr L or provided unclear information about how the new account would work. I haven't seen anything that shows NewDay told Mr L he was applying for a store card.

Mr L complains that NewDay lent irresponsibly. Businesses are required to complete reasonable and proportionate checks before approving new lending, like a credit card. There's no set list of checks a lender has to complete but they should be proportionate and take into account considerations like the amount of borrowing, term, income, regular commitments and credit record for example.

I've reviewed Mr L's application data and can see he advised he was employed with an income of £14,000 and renting privately. Mr L had around £100 in unsecured debt and no evidence of recent adverse information. I note NewDay approved a limit of £800 on Mr L's credit card. In my view, by considering the information Mr L had provided and checking his credit file before applying its lending criteria, NewDay carried out reasonable and proportionate checks. I'm sorry to disappoint Mr L but I haven't been persuaded that NewDay lent irresponsibly.

I would add that even if I were to agree and uphold Mr L's complaint, I would tell NewDay to refund all interest, fees and charges applied to the account from the point it was approved to the point it was closed. But NewDay has already refunded all the interest, fees and charges applied to Mr L's credit card during the period it was open. I appreciate the default remains on Mr L's credit file but I'm satisfied that accurately reflects how the account was administered.

Mr L's told us that he tried to cancel the credit card shortly after it was opened. But NewDay has no record of that. And I think the fact that Mr L went on to use his credit card a short while after it was approved shows he was aware the facility remained open and available for new spending.

I understand that after the account was closed by NewDay it was sold to C. So I'm satisfied it was reasonable for NewDay to forward the refund it made to C in order to reduce the outstanding balance.

I'm sorry to disappoint Mr L but as I'm satisfied NewDay dealt with him fairly during the application process and haven't been persuaded it lent irresponsibly I'm unable to uphold his complaint.

**My final decision**

My decision is that I don't uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 30 May 2024.

Marco Manente  
**Ombudsman**