

The complaint

Mrs B complains about the credit limit of her NewDay Ltd trading as John Lewis Partnership Card credit card.

What happened

Mrs B has explained that she's held accounts with John Lewis for many years. Mrs B had a credit card that had a limit of £6,700 operated by John Lewis with a different bank. But in 2022 John Lewis decided to change its credit card provider to NewDay. As a result, Mrs B was required to apply for a new John Lewis credit card with NewDay in September 2022.

NewDay says it considered Mrs B's application and checked her credit file. NewDay approved the application and issued a credit agreement that Mrs B accepted. The credit agreement said NewDay would confirm the credit limit when sending out the credit card.

When Mrs B received her new credit card she found it had a credit limit of £5,000 which was lower than the previous credit card's limit of £6,700. Mrs B's explained that she uses the credit card for day to day spending and clears the balance in full each month. Mrs B says that since receiving her NewDay credit card it's sent her a number of warnings that her balance is approaching the credit limit.

Mrs B's told us she has asked NewDay to increase the credit limit to £6,700 on at least three occasions but it has declined. Mrs B went on to raise a complaint and NewDay issued two responses. NewDay said it had applied its lending criteria didn't agree it had made a mistake when setting Mrs B's credit limit at £5,000.

An investigator at this service looked at Mrs B's complaint but wasn't persuaded NewDay had made a mistake or treated her unfairly when setting the credit limit on her credit card. Mrs B asked to appeal and explained she'd held a John Lewis credit card with a higher credit limit for many years without issue. Mrs B also pointed out she wasn't given the specific credit limit when accepting the credit agreement. Mrs B asked whether the decision to reduce her credit limit was linked to a change in her personal circumstances which didn't impact her finances. As Mrs B asked to appeal, her 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.

I can understand Mrs B's frustration that NewDay wasn't willing to offer a new credit card on the same terms as her previous John Lewis branded credit card. But I need to explain that when John Lewis took the step of changing its credit card provider to NewDay in 2022, the original credit card closed. Mrs B was required to apply for a new John Lewis branded credit card with NewDay. And NewDay is a separate business and lender to the previous credit card provider, with its own lending criteria. So whilst I understand Mrs B feels the previous credit limit of £6,700 she had was right for her, NewDay had to apply its own lending criteria

to her application in September 2022 to decide how much to lend. As a new lender, I'm satisfied NewDay was free to apply its own lending criteria to Mrs B's application.

Mrs B has asked for a detailed explanation of how NewDay reached the credit limit of £5,000. And I can see NewDay has provided general details of the sorts of checks it carries out and the criteria it applies. I understand why Mrs B has asked for more detail. But a business' lending criteria is commercially sensitive information and I wouldn't expect the specifics to be shared. I'm sorry to disappoint Mrs B but I'm satisfied NewDay has provided a reasonable explanation of how it approaches credit limits. I would add that NewDay has shared a more comprehensive explanation with this service and that I've seen no evidence it incorrectly applied its lending criteria when deciding how much to lend.

Mrs B has asked NewDay to increase the credit limit on a number of occasions but it's declined. Ultimately, I'm satisfied that's a decision NewDay was entitled to take having applied its own lending criteria. And, as I've noted above, I'm satisfied that's what NewDay has done here.

In response to the investigator, Mrs B explained the credit agreement didn't give the specific credit limit. But when NewDay issued the new credit card, the credit limit was provided. It was then up to Mrs B to decide whether the new John Lewis branded credit card provided by NewDay was right for her.

Mrs B has asked whether the lower credit limit reflects a change in her circumstances. But as NewDay is an entirely new lender and based the credit limit on Mrs B's application and its own lending criteria, I haven't seen anything that would indicate it was aware of any change in Mrs B's circumstances.

I'm very sorry to disappoint Mrs B but I haven't been persuaded that NewDay has made a mistake in the way it set her credit limit or treated her unfairly. As a result, I'm unable to uphold Mrs B's complaint.

My final decision

My decision is that I don't uphold Mrs B's complaint.

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

Marco Manente
Ombudsman