

The complaint

Mr C complains that NewDay Ltd trading as Aqua ("Aqua") treated him unfairly when he applied for an Advance credit card in September 2023.

What happened

In September 2023 Mr C made an online application to Aqua for its Advance credit card. He says he found that card attractive since it offered him better rates on transactions in foreign currencies. But Aqua says that Mr C did not meet its eligibility criteria for that card. So it offered him its Classic card instead.

Mr C complained to Aqua that it hadn't made it sufficiently clear that his original application had been declined. He says that he only noticed the change in the card type when he read the terms and conditions of the card he'd been offered. He says that Aqua needed to make its decisions on his application more clear, and should only offer him the card for which he had applied. I understand that Mr C didn't proceed with his application. But around two months later Mr C made another application for the Advance card that was approved. But he chose not to continue with that card and cancelled it within the cooling off period.

Mr C's complaint has been assessed by one of our investigators. He said that he was unable to determine that Mr C had suffered any detriment through the way Aqua had treated the credit card application. He said that if anything, Aqua had improved Mr C's credit report by recording an acceptance for the Classic product, rather than a rejection for the Advance product. So the investigator didn't think Mr C's complaint should be upheld.

Mr C didn't agree with that assessment. He said that he had made a subject access request to Aqua to get some more information on how it had dealt with his application. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr C and by Aqua. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the

business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

As I said earlier, Mr C has made us aware that he has requested some further information from Aqua about his application via a subject access request. I have thought carefully about whether it is necessary for me to delay issuing this decision until that information has been sent to Mr C. But, I'm not persuaded that a delay would be necessary, or appropriate.

This service is set up as a quick, and informal, alternative to Court proceedings. So it is incumbent on me to deal with complaints promptly, and without undue delay. Here I am satisfied that Aqua has provided me with a full timeline and history of Mr C's application, and its decisions on his eligibility for its credit card products. I think it most unlikely that Aqua has withheld information from me, that might later be provided to Mr C by way of his subject access request. I am entirely satisfied that the information I currently hold is sufficient for me to exercise my responsibilities to decide this complaint on the basis of what I consider to be fair and reasonable.

Mr C's application to Aqua was made online. So it seems that, initially, he had no direct contact with any members of Aqua's staff. So the information he was asked to provide, and the responses that Aqua gave, would have been solely via its online channels.

Mr C applied for Aqua's Advance credit card. Aqua also offers what it calls its Classic credit card. I think the names of those two products give a very clear indication that they fall within a hierarchy of the firm's products. And so it wouldn't be at all unusual that the eligibility criteria for each credit card might be different. I would expect the eligibility criteria for the Advance card to be greater than that for the Classic card.

Aqua says that Mr C didn't meet its eligibility criteria for the Advance card when he submitted his online application in September 2023. That is entirely a commercial decision for Aqua to take, and not something that I would normally expect this service to interfere with. It is for Aqua to decide, in line with its regulatory responsibilities, which consumers it wishes to deal with, and on what terms.

Aqua says its normal approach, when a customer fails to meet its eligibility requirements for the Advance card, is to consider whether it is able to offer another of its credit cards to that consumer. That seems to me to be an entirely reasonable approach – in many cases consumers do not always need the additional features offered by some credit cards. So it might be entirely in their best interests for a lesser featured card to be offered. And, as our investigator pointed out to Mr C, that would mean that a successful application, rather than a declined application, would be recorded on their credit file.

I appreciate that Mr C would have been disappointed to not be approved for the Advance credit card. It does seem that he noticed that the card he was being offered was different to his application before proceeding. I understand that he thinks Aqua should have been much clearer in how it explained that to him. But given that he did notice the difference, I can only conclude that the information Aqua gave to him was sufficient.

Given that Mr C decided not to proceed with his application for the Classic card, I cannot see that he has lost out as a result of that card being offered. I understand that he might have spent some time on his unsuccessful application. But that time would have been spent anyway – and following Aqua's offer, at least Mr C might have derived some benefit from the time he had spent on his application had he decided to take the Classic card.

I'm not persuaded that Aqua did anything wrong here – and certainly not anything that appears to have caused any detriment to Mr C. It is quite usual when a consumer asks to purchase an item that an alternative is offered if the initially requested item is unavailable. I don't think it would be necessary for Aqua to simply decline a rejected application without offering an alternative, and perhaps more suitable, product.

I have noted that around two months after his rejected application Mr C was accepted for the Advance credit card. But again, Aqua is free to place whatever eligibility requirements on its card holders as it sees fit. It is entirely possible that those requirements changed between Mr C's two applications. Or alternatively some information about Mr C's financial circumstances, or how that information was reported to Aqua by a third party, might have changed. I don't think the subsequent approval is any indicator that Mr C's first application wasn't dealt with fairly.

I understand that my decision will be disappointing for Mr C. But I am not persuaded that Aqua treated him unfairly when it declined his application for the Advance credit card, and offered him a Classic card instead. So I don't think the complaint should be upheld.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against NewDay Ltd trading as Aqua.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 22 July 2024.

Paul Reilly
Ombudsman