

The complaint

Mrs E complains that she was unable to make a 0% balance transfer from another lender to clear a credit card she held with NewDay Ltd trading as Fluid.

What happened

Mrs E holds a Fluid credit card with NewDay. She was unhappy that the interest rate applicable to the balance on the card kept increasing and complained to NewDay. This complaint has been dealt with separately by this service, so I won't comment further on the interest rate issue here.

Mrs E applied for another credit card which offered 0% interest on balance transfers so she could transfer the balance from her Fluid card. However, she was unable to complete the balance transfer. On querying this with NewDay, Mrs E was advised that balance transfers couldn't be made on closed accounts.

Mrs E complained to NewDay. She was unhappy that she couldn't complete the balance transfer and felt that NewDay should've advised her that balance transfers couldn't be made from closed accounts when she spoke to them about the interest rate.

In its final response dated 5 February 2024, NewDay said it was upholding the complaint due to the level of service it had provided on the call. It said this was because the agent hadn't provided information about the closure of the account. NewDay credited Mrs E's account with £35 and refunded interest totalling £140.05 as a gesture of goodwill. In relation to the balance transfer, NewDay said from listening to the call, Mrs E hadn't asked whether she could make a balance transfer once the account was closed. It said that as such, the agent would not have advised that she could not make a balance transfer from a closed account.

Mrs E remained unhappy and brought her complaint to this service.

Our investigator didn't uphold the complaint. They said that Fluid has said that once a credit card account has been closed to new transactions – as in Mrs E's case – it couldn't accept balance transfers. The investigator said they had listened to the calls between Mrs E and NewDay but had found no evidence that NewDay was made aware of Mrs E's plans to complete a balance transfer to repay the debt. The investigator said this service wouldn't expect NewDay to cover every eventuality of what could and couldn't be done with a closed account. The investigator said that they could see that one of the calls hadn't been handled well and that the compensation already paid for the level of service was fair.

Mrs E didn't agree. She said that NewDay should have explained to her that a closed account couldn't have a balance transfer. She felt that this was important information that she should have been made aware of, and said that if she had been made aware, she would've left the account open and done a balance transfer.

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've listened carefully to both of the telephone calls between Mrs E and NewDay.

In the first call, Mrs E wanted to know why the interest rate had been increased. She explained that she wanted to close the account and repay the balance. The agent explained how Mrs E could do this and said the account would then go into paydown. Mrs E said she wanted the interest rate reduced to the original rate which applied when she took out the card. Mrs E agreed to close the account and the agent completed this whilst Mrs E was on the call.

In the second call, Mrs E said that she'd taken advice and didn't think NewDay had the right to increase the interest rate without a valid reason. Mrs E said she was willing to repay the debt but not at the current interest rate. Mrs E asked about the minimum payment due, and the agent advised her that it was £90.13. Mrs E said she'd been advised that interest should be stopped. The agent disagreed and said interest would continue to accrue. Mrs E said she was willing to pay £100 per month to clear the debt and said she wanted to pursue her complaint about the interest rate.

Having listened to the calls, there's no evidence to suggest that Mrs E asked the agent about whether she would be able to complete a balance transfer to pay off the balance on the account. Mrs E has said that she thinks this is such an important issue that the agent should've advised her about it in any event. I'm not persuaded by that, and I'll explain why.

Firstly, the range of advice which a lender could give to a consumer about an account is very wide. It would be unreasonable – especially within the context of a telephone call – to expect NewDay to give advice on every possible eventuality. If Mrs E had raised a specific question about balance transfers, I might reach a different conclusion. But Mrs E didn't ask the agent about a balance transfer on either of the calls, or even mention a balance transfer. Secondly, the clear impression that I got from the call was that Mrs E intended to repay the account on a monthly basis. She asked what the monthly payment would be and indicated the maximum she would be willing to pay. This is inconsistent with any intention to complete a balance transfer, and I don't think I can fairly say that the agent would've thought Mrs E was going to do anything other than repay the balance on a monthly basis.

For these reasons, I don't think NewDay has made an error by not advising Mrs E that it wasn't possible to complete balance transfers from a closed account.

I've gone on to consider whether the policy not to allow balance transfers from a closed account is a fair and reasonable one. Ultimately, NewDay can make a commercial decision whether or not to accept a balance transfer. This service can't interfere with that. However, in this case, NewDay has explained that it isn't a policy but rather an industry issue, whereby if an account is closed, when a balance transfer request is actioned by the new lender, the request fails.

I understand that Mrs E is disappointed that she can't complete a balance transfer and I also understand that she feels that further compensation should be paid. However, having considered all the available information, I don't think NewDay need to do anything further here. The compensation already paid is sufficient to compensate Mrs E for the service issues on the call (which aren't specifically related to the balance transfer issue in any event).

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 E to accept or reject my decision before 27 August 2024.

Emma Davy
Ombudsman