The complaint

Mrs C is unhappy that NewDay issued her a store card with less favourable terms that she could have obtained, and also that NewDay moved her payment date forwards.

What happened

Mrs C had a store card, the administration of which was transferred to NewDay in 2022. At that time, Mrs C received an invitation from NewDay to apply for a reissuance of her store card using a unique code. Mrs C followed NewDay's instructions and received her new store card shortly thereafter. But she then noticed that the terms of the card pertaining to the interest free grace period on purchases had changed to her detriment, from 56 to 46 days.

Mrs C wasn't happy about this, and she also wasn't happy when she later learned that if she had applied for the store card as a new customer, and not using the code sent to her by NewDay, she could have obtained the card with a 56-day grace period. Additionally, Mrs C was unhappy that in July 2024 she was told that NewDay would be changing the day that they collected direct debit payments for the card, bringing the date forwards by five days, and thus further reducing the grace period available to Mrs C from 46 to 41 days. So, she raised a complaint.

NewDay responded to Mrs C and explained that when NewDay had taken over administration of the store card in question, existing accounts hadn't been migrated over to NewDay, but instead account holders had been invited to reapply. NewDay also explained that information about the interest free grace period had been included in the information Mrs C had been provided when she made her application for a new store card, when her old store card had been closed.

Additionally, NewDay explained that they hadn't moved the direct debit date forwards by five days as Mrs C felt was the case but had instead moved the payment due backwards by five days. NewDay explained that they had made this change to provide an opportunity for customers whose direct debit payments failed, for whatever reason, to make the payment via another channel before the payment due date and thus avoid having a late payment reported to their credit file. Mrs C wasn't satisfied with NewDay's response, so she referred her complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that NewDay had acted unfairly as Mrs C believed was the case. Mrs C didn't agree, and so the matter was escalated to an ombudsman for a final 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.

When the administration of the store card transferred to NewDay in 2022, it wasn't the case that existing store card holders were invited to transfer their existing account to NewDay. Instead, the existing store card accounts closed, and existing account holders were sent an invitation to apply for a new store card with NewDay. Successful applicants could then transfer the balance from their old store card to the newly opened store card.

Because Mrs C was applying for a new store card, NewDay weren't beholden to the terms of the old store card. When Mrs C applied for the new store card, she was given information about the terms and conditions of that card, including the interest free grace period.

If Mrs C didn't want to accept the terms of the new card, then she was under no obligation to apply for it. Mrs C could also have exited the new credit agreement by utilising the 14-day cooling off period available to her after she opened the new account, albeit Mrs C would have had to have then cleared the full balance of the account shortly thereafter.

Mrs C has said that after she opened the new card, she later learned that if she had applied for the card as a new customer, and not using the code provided to her by NewDay, she could have obtained the card with better terms, including a longer interest free grace period.

I've asked NewDay about this point, because I agree with Mrs C that it would be unfair to effectively penalise applicants dependent on the channel by which they applied. However, NewDay have explained to my satisfaction that it wasn't the case that alternative terms were available at the time that Mrs C applied for the new card, but that NewDay later amended the terms of the card for new applicants, including an increase in the interest free period.

As such, I'm satisfied that when Mrs C applied for the new card, there was no opportunity for her to have obtained the card on more favourable terms. And while it's unfortunate for Mrs C that NewDay later changed the terms of the card, this is a commercial decision that NewDay were entitled to make, and I don't feel that there is any fair requirement for NewDay to alter all existing account terms to match the changes to new account terms they implemented. Accordingly, I feel that the fact that later card applicants could obtain the card on terms that Mrs C feels are more favourable is unfortunate for Mrs C, but not unfair.

Regarding the change to the payment due date, I've reviewed the correspondence sent by NewDay to its account holders about this and I'm satisfied that NewDay haven't changed the date that the payment is taken as Mrs C believed was the case. Instead, NewDay have left the date that the payment is taken as it was but moved the payment due date backwards by five days, thus providing makeshift payment opportunities for account holders whose direct debit payments fail. This means that Mrs C hasn't incurred the adverse impact that she was concerned about, because the date that her payment is taken remains the same.

All of which means that I don't feel that NewDay have acted unfairly towards Mrs C here, for the reasons explained above, and it therefore follows that I won't be upholding this complaint or instructing NewDay to take any further or alternative action. I realise this might not be the outcome Mrs C was wanting, but I hope that she will understand, given all that I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 18 September 2025.

Paul Cooper
Ombudsman