

The complaint

Mr O is unhappy that NewDay Ltd closed his account.

What happened

Mr O had a credit account with NewDay. Mr O engaged with a Claims Management Company ("CMC") which raised a complaint with NewDay on Mr O's behalf.

Shortly afterwards, Mr O noticed that his NewDay credit account was no longer functioning and when he asked NewDay about this he was told that his account had been closed because the CMC had complained that it wasn't affordable for him and had been opened irresponsibly by NewDay. Mr O wasn't happy that his account had been closed, or that NewDay hadn't told him that his account had been closed, so he raised a complaint.

NewDay responded to Mr O but didn't feel that they'd done anything wrong by acting on the complaint they received from the CMC, or in closing his account, given the nature of the complaint. Mr O wasn't satisfied with NewDay's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that NewDay had acted unfairly as Mr O believed and so didn't uphold the complaint. Mr O remained dissatisfied, 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.

Mr O has explained that when he engaged with the CMC, he didn't understand that the CMC would raise a complaint with NewDay on his behalf, or that NewDay would close his account as a consequence of that complaint.

However, Mr O did sign a letter of authority which the CMC forwarded to NewDay in which Mr O provided NewDay with his authority and consent for the CMC to act on his behalf. Following this, the CMC sent NewDay a letter of complaint, citing their authority to act as a representative of Mr O, in which the CMC claimed that Mr O couldn't afford the NewDay account and that NewDay had provided the account to Mr O irresponsibly.

In consideration of these circumstances, while I appreciate that Mr O is unhappy that the CMC raised a complaint with NewDay, I don't feel that NewDay acted unfairly by considering the complaint they received from the CMC to be a valid one – given that Mr O had signed the letter of authority which enabled the CMC to engage with NewDay on his behalf.

Ultimately, because Mr O had signed the letter of authority, NewDay received what I'm satisfied was reasonable for them to consider as being a valid complaint for Mr O from the CMC. And because the complaint included that Mr O couldn't afford the credit account, I don't feel that NewDay acted unfairly by restricting and then closing the credit account to

prevent Mr O from undertaking any further spending on an account which his authorised representative had told NewDay that he couldn't afford.

When Mr O contacted NewDay he told them that the complaint had essentially been raised in error by the CMC and asked NewDay to reinstate his account. But having reviewed Mr O's account, NewDay declined his request, as they didn't feel that Mr O's account management and payment history warranted an account reinstatement. Again, this doesn't feel unfair to me, and I wouldn't reasonably expect NewDay to reinstate a line of credit to a customer if they felt that the customer might potentially be unable to meet their contractual payment obligations on that account.

Finally, Mr O is unhappy that NewDay communicated directly with the CMC and didn't correspond with him directly. But the letter of complaint NewDay received from the CMC specifically asked NewDay to communicate with them, and to not engage directly with Mr O. As such, given that the CMC were authorised to act on Mr O's behalf, as per the letter of authority that Mr O signed, I don't feel it was unreasonable or unfair for NewDay to act in accordance with the CMCs requests.

All of which means that I don't feel that NewDay have acted unfairly towards Mr O as he feels is the case here. This is because I'm satisfied that NewDay received a valid complaint from Mr O's authorised representative and acted fairly in response to that complaint. If Mr O is unhappy that the CMC raised a complaint with NewDay on his behalf, or with any other actions of the CMC, then that would be a separate matter for Mr O to raise with the CMC directly.

I realise this won't be the outcome Mr O was wanting, but it follows that I won't be upholding this complaint or instructing NewDay to take any further or alternative action. I hope Mr O 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 Mr O to accept or reject my decision before 25 August 2025.

Paul Cooper
Ombudsman