

The complaint

Mrs S made a series of complaints about NewDay Ltd. It related to irresponsible lending of a credit card approved in 1982 plus a number of credit limit increases. The complaint was also about a PayDown Plan in 2021 and the card suspension in May 2025.

What happened

The parties both know all the details of the history of the account and the complaint and as most of it has been resolved I do not set them out here.

After the complaint had been referred to the Financial Ombudsman Service one of our investigators carried out a comprehensive investigation. She issued two views in August and October 2025 in which she gave reasons why she was not going to ask NewDay to do anything. Except for one element where our investigator did consider that NewDay ought to make a £50 compensation payment to Mrs S for the suspension of the account.

Mrs S accepted it all which means that she accepted the non-upheld elements of her complaint as well as the £50 compensation.

However, NewDay has refused to accept the basis of our investigator recommending a £50 compensation payment. The last remaining unresolved part of the complaint was passed to me to decide. I will be reviewing this £50 compensation element only.

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.

NewDay has cited Financial Conduct Authority PRIN 6 'treating customers fairly' and has summarised its position on this last unresolved part as:

In summary, while notice was not provided directly to [Mrs S], the closure was communicated appropriately through the FOS, and the decision was taken in the customer's best interests to prevent further detriment. This approach aligns with both regulatory principles and complaint-handling standards.

NewDay said that as the complaint was already with the Financial Ombudsman then no final response letter (FRL) was sent. That would have been the usual route to inform the customer that their account was being suspended. Instead, it told us when it submitted its business response file to us on 9 May 2025. But the Financial Ombudsman Service would not have forwarded that to Mrs S. And we'd have had no reason to write to Mrs S about that one point – suspension of her card.

I've read the Terms and Conditions (Ts and Cs) for the Pulse card, which is what Mrs S' card is now called, and I agree that NewDay was entitled to suspend the use of the card. The Ts and Cs stipulate a notice period for different reasons for closing an account, none of which applied here.

I don't think it's unreasonable of Mrs S to have been unaware that a card suspension was likely as she'd formally complained in early December 2024, received an acknowledgement on 13 December 2024 and her experience in the shop when her card was not accepted due to the suspension was not until 11 May 2025. That's around five months later.

This suspension was rather 'out of the blue' and seems to have dovetailed with the NewDay complaints department investigation date. And so, I agree with our investigator that it's the manner of the suspension and how Mrs S found out which was the rationale behind the £50 compensation element.

NewDay has cited PRIN 6 but I could also point it to PRIN 7: '*A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.*'

Added to which, Mrs S had been a longstanding customer and I consider it common courtesy to inform her first. Or for NewDay to have used the channels it has told us it has often used in other cases which was an FRL. Here, NewDay did neither. And I am not persuaded that there is some sort of embargo on a respondent firm being able to contact its customers when a complaint is with the Financial Ombudsman. I do not think that's correct.

I consider £50 a justifiable compensation for distress and inconvenience caused to Mrs S on 11 May 2025. I uphold this part of the complaint. All other elements – including the outcomes which went against Mrs S – she's accepted and therefore I consider resolved. So, I have not looked at those.

I've considered whether the relationship between Mrs S and NewDay might have been unfair under section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed for Mrs S results in fair compensation for her in the circumstances of this complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

My final decision

My final decision is that I uphold the complaint in part and I direct that NewDay Ltd pays directly to Mrs S (not by way of a credit to the card account) £50 for distress and inconvenience. And I direct that this is done within 30 days of this Final Decision being accepted by Mrs S, if it is. I've made it 30 days due to the holiday season ahead.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 20 January 2026.

Rachael Williams
Ombudsman