

The complaint

Mr C complains that NewDay Ltd trading as John Lewis Credit Card unfairly chose to close his credit card account and report a default following a number of missed payments.

What happened

Mr C held a credit card account with NewDay. He experienced some payment difficulties, which coincided with a period of ill health, culminating in him being hospitalised. He's told us he also lost his brother around this time, and subsequently, a number of payments on his account were missed.

Short-term payment arrangements were made, including a payment holiday which ran from November 2025 to January 2026 – which required payments to resume at the end of the break. But as payments didn't resume when due – following the break's expiry, and with a default notice having been issued, NewDay took the decision to terminate Mr C's account. Unhappy, Mr C complained.

Mr C said he attempted to make payment in January following the completion of the break and sent two payments (£331.35 and £368.65) to NewDay, but hadn't used the updated NewDay bank details that had come into place in October 2025. Subsequently, the payments didn't go through.

Mr C said he wasn't aware of the bank details being changed and was unable to do anything to resolve the matter whilst in hospital. He said that when he realised, he made a further two payments for the above amounts which NewDay confirmed as having received in early February. So, he felt that given his circumstances, it was unfair of NewDay to terminate his account when they did. So, Mr C brought his complaint to our service.

An investigator considered Mr C's complaint, but ultimately, didn't recommend it be upheld. She said that while sorry to hear of Mr C's personal circumstances, she didn't think it unfair of NewDay to terminate Mr C's account, given the significant amount of time his account had remained in arrears. So, she thought it was reasonable that they chose to terminate the relationship. She also noted that NewDay had opted not to default Mr C's account in the circumstances which she felt was a positive. But ultimately, she didn't think NewDay needed to do anything further.

Mr C remained unhappy however. So, as the parties remained in disagreement, the case was passed to me to decide.

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 wanted to start by saying that I'm very sorry to have learned of the difficulties Mr C has been facing, both in terms of his personal health, and the loss of his brother. Financial

circumstances aside, I imagine this must have been an extremely difficult period of time for Mr C, and I genuinely hope that his health and general wellbeing are beginning to improve.

Having now reviewed matters in relation to Mr C's case, and when considering all the evidence provided by both parties, ultimately, I've reached the same conclusions as the investigator, and for broadly the same reasons. While I understand this may come as a disappointment for Mr C, I hope my decision goes some way to explaining how I've reached this conclusion and helps Mr C gain some closure on this matter.

I've looked firstly at the concerns Mr C has raised about his account potentially defaulting. Having reviewed all the evidence provided, I can see that following the default notice that was issued, and the subsequent late payment Mr C made in early February, NewDay still opted not to default Mr C's account, based on his personal circumstances, and the fact the payment was only late by a few days. I think this was the fair approach to take, and I hope Mr C will take some comfort in knowing that a default has not been reported on his credit file. I think this was a fair way for NewDay to handle matters.

Mr C has argued that had he known about the change in bank details for NewDay, the payment would have reached his account earlier, which he believes would have stopped the account from being terminated.

While I accept Mr C's point here, it's important to note that the account wasn't terminated solely as a result of the late payment in January; but, as a result of a number of missed payments and default notices having previously been issued, dating back to August the previous year, and the account having remained in arrears since that time.

A bank can legitimately exercise their right to terminate a customers account, should they wish to no longer maintain that relationship. In this case, I'm satisfied NewDay did so reasonably in the circumstances. Furthermore, NewDay have also provided evidence to show that Mr C had logged in online and viewed the material informing him of the change in bank details, back when the correspondence was sent to all customers in October 2025.

I understand Mr C feels that given his circumstances, NewDay should have done more to support him, and could have looked to extend the payment break they had provided. But given the period of time his account had already been in arrears prior to the payment break, and following the payment not reaching his account by the due date when the break expired, I'm satisfied NewDay's decision to terminate the account wasn't unreasonable, when taking into account the support they had provided to Mr C up until that point.

Turning to the arrears reported on Mr C's account, the Information Commissioner's Office (ICO) which sets out the principles for the reporting of arrears, arrangements and Defaults at CRAs, state:

"If you do not make your regular expected payment by the agreed time and/or for the agreed amount according to your terms and conditions, the account may be reported to the CRAs as being in arrears." And they set out that "In general, the reporting of arrears indicates that the account has not been maintained according to the terms and conditions."

I can see that NewDay have reported arrears on Mr C's file in line with the above guidance. And while I appreciate Mr C has not raised this point directly, I think it's important to inform Mr C that I'm satisfied NewDay are reporting the status of his account correctly.

So, while I appreciate this will come as a disappointment to Mr C, and I know this was not the outcome he would have been hoping for, for the reasons set out above, I'm satisfied that

NewDay have treated Mr C fairly in respect of this debt, and by not defaulting his account. And I don't think it was unreasonable of them to choose to terminate his account in the circumstances.

Separately, whilst I'm not upholding the complaint, I do want to remind NewDay of their obligations to exercise forbearance moving forward. I would certainly encourage Mr C to keep in regular contact with NewDay about any difficulties he's now facing in repaying any outstanding balance that may be owed.

So, for the reasons set out above, I won't be asking NewDay to do anything further.

My final decision

My final decision is that I do not uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 29 May 2026.

Brad McIlquham
Ombudsman