

complaint

Mr B complains that NewDay Ltd caused him unnecessary embarrassment by blocking his card.

background

Mr B said that his card was refused when he was trying to use it at a local merchant near his home. He said he was well known in the area, and the refusal of his card caused him significant embarrassment. He wanted NewDay to pay £250 in compensation for that.

NewDay said it had blocked Mr B's card because a statement it issued had been returned saying that Mr B had moved away. In those circumstances it would block a card for security reasons. It doesn't usually try to contact the cardholder, it waits for the cardholder to contact it. When Mr B complained, it said that this was its process, and it didn't think it had done anything wrong. It did refund the interest that Mr B paid because he didn't receive his statement, so he couldn't pay the card off in full that month.

When we asked NewDay about Mr B's complaint, it said that it was going to review how it gets in contact with cardholders in this situation. It would consider what Mr B said as part of that. It said that it appreciated that if it had called or emailed Mr B, he might've been saved this embarrassment. NewDay wanted to pay Mr B £50 to say sorry for that.

Our investigator upheld Mr B's complaint. She said that although NewDay had followed its existing internal process in this case, it could've contacted Mr B by another method. That would've avoided the problems he faced. She thought that NewDay should pay Mr B £50 to say sorry for not doing that. Mr B had asked for a cheque. Our investigator thought that if NewDay sent Mr B a cheque for £50, that would be a fair outcome to the complaint.

It looked like both NewDay and Mr B would agree to that, but then Mr B wrote again. He said that NewDay had made him look uncreditworthy in his local area. He said there was no reason for NewDay not to have sent a text or email. And he said that he had an impeccable payment history, so his sudden disappearance was highly unlikely. He wanted an ombudsman to consider his complaint, so this case was passed to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've reached the same overall conclusion as our investigator on this case, and for broadly the same reasons.

NewDay blocked Mr B's card when post it sent out was returned, saying Mr B had gone away. I think NewDay acted to protect Mr B by blocking his card. I don't think NewDay did anything wrong when it did that.

But NewDay didn't try to contact Mr B to see what the problem was, or to let him know his card was blocked. NewDay accepts that it would've been better if it had done that, and that this would've probably saved Mr B from some embarrassment. So it wants to pay Mr B £50 to make up for that.

Mr B said this was extremely embarrassing, and unnecessary. He said that he would now be the subject of local gossip. Mr B anticipates that people in his area will draw unjustified conclusions about his creditworthiness from the fact that his card was declined.

I do appreciate that this incident has caused Mr B some embarrassment, which could've been avoided. But I don't think that NewDay has to pay Mr B £250 to make up for that. I'll explain why I think its offer is fair.

NewDay has accepted responsibility for the fact that Mr B's card was declined. But cards are declined for all sorts of reasons. They can be declined because of problems with the card operator, for example, or because someone has been an entirely innocent victim of fraud. It is not necessarily a sign that the person involved isn't creditworthy. So I don't think it's reasonable for me to say that NewDay would responsible for any unjustified conclusions that people in Mr B's area may draw from this. I don't think that NewDay has to pay Mr B more compensation because Mr B anticipates that people in his area may draw these unjustified conclusions.

I think that NewDay's offer of £50 is a fair offer to make up for the inconvenience Mr B faced when his card was declined. I know Mr B will be disappointed, but I don't think NewDay has to pay more than that.

my final decision

My final decision is that NewDay Ltd should pay Mr B £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 April 2018.

Esther Absalom-Gough
ombudsman