

complaint

Mr K complains that NewDay Ltd opened up a credit card account for him when he believed he was agreeing to a loyalty card account. He wants his credit file amended to not show the credit card being applied for.

background

Mr K says that he was in a store and the cashier told him that if he opened a loyalty card account he would receive a substantial discount on the items he was buying. He agreed to this and says he completed the necessary questionnaire.

Mr K says he then received a confirmation that his credit card account had been opened. He says he called up the same day and cancelled the card and paid the amount due for the items he had bought. He registered his complaint at that time explaining he was told he was applying for a loyalty card not a credit card.

Mr K says that although he asked for his account to be closed, he then received a letter saying his account was in credit by £15 due to a payment made as a gesture of goodwill.

NewDay says that Mr K opened an account in January 2016. It says that before an account is opened there is a process that takes place. This includes providing an information booklet which asks a series of questions regarding the suitability of the card and terms of the agreement. It should be confirmed that the customer has gone through this booklet and that they have the information they need before the application is continued. It says that Mr K signed the credit card agreement.

NewDay says that Mr K's account has been closed and it has offered to pay him £15 for any inconvenience caused. It also says that feedback has been provided to the store.

The adjudicator said that he could not say for certain that the correct process was followed when Mr K applied for his card. However he said that that agreement Mr K signed clearly shows the terms and conditions of the credit card. He said on balance he was not able to recommend that NewDay remove the record of the credit card search from Mr K's credit file.

The adjudicator said that NewDay had closed the account and offered £15 compensation for any inconvenience caused, which he considered reasonable.

Mr K did not accept the adjudicator's view.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr K completed an application for a card while in store in January 2016. I understand that he thought he was applying for a loyalty card and not a credit card. Based on his actions when he received confirmation of his credit card account, I accept that Mr K did not want a credit card account at that time.

However my role is to decide whether or not NewDay did anything wrong. NewDay has explained the process for applying for a card in store and that this included the customer

being provided with an information booklet and getting confirmation that the customer had gone through this. I cannot say if this process was followed in this case.

I can see that Mr K signed a credit card agreement. This agreement is clear that the card is a credit card and sets out the relevant terms and conditions. Based on the information in this agreement I find it reasonable to say that Mr K was made aware he was applying for a credit card and that he agreed to the terms and conditions by signing the agreement.

I can see that Mr K was also upset that the £15 payment was added to his account which meant it went into credit when he had requested the account was closed. NewDay addressed this issue and has confirmed that the account has been closed and that the credit reference agencies have been provided with that information. It has offered to make the payment of the £15 directly to Mr K.

Overall, I can see there was a misunderstanding and Mr K thought he was applying for a loyalty card. However based on the information I have seen I find that Mr K was given information which meant he should have been aware that the card was a credit card. There has then been an issue with the goodwill payment being made to his account which needed to be removed for the account to be closed. As this has now happened I find this resolves this issue.

On balance I find that NewDay has not done anything wrong. I can see that Mr K has been caused inconvenience through this process and that a misunderstanding arose and I find that the business' offer to pay Mr K £15 for this is reasonable.

my final decision

My final decision is that NewDay Ltd should pay Mr K £15 compensation as it has offered in settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to Mr K to accept or reject my decision before 29 July 2016.

Jane Archer
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