

complaint

Mrs B complains that NewDay Ltd will no longer let her pay her store card using a credit card.

background

Mrs B has a store card. In 2014, the provider who manages the card changed, and NewDay took over. She said she was told that nothing would change. But Mrs B said something did change. She used to pay her store card using a credit card, but NewDay won't let her do that any more. She said that she got vouchers from that other credit card for using it, so now she is about £100 per quarter worse off, because NewDay has implemented this policy.

Mrs B was able to make the first payments to NewDay by credit card. But once the records for this store card were all moved over onto NewDay's system, it wouldn't take a credit card payment from Mrs B any more. NewDay said that as a responsible lender, it doesn't allow its customers to pay off one form of credit, the store card, with another form of credit, such as a credit card.

Mrs B sent us some more evidence, including letters from the old and new providers issued at the time of the change. The old provider said *"We're pleased to tell you that this change will have no effect on the way you use your card."* And NewDay said *"... you can keep using your card exactly the way you do today."* Mrs B also said that the payment screens for her card refer to the option to pay using a credit card.

my provisional decision

I issued a provisional decision on this complaint and explained why I proposed to uphold it in part. I concluded, in summary:

- I thought NewDay was entitled to decide not to accept credit card payments for the store card it provides. It says that it can be a sign of financial difficulties if people are using one form of credit to pay off another. And, as a responsible lender, it doesn't want to operate in a way that allows people to get into difficulties. I didn't think that it was wrong for NewDay to have that policy.
- But I did think that when this policy was introduced, it was a change to Mrs B's terms and conditions. I thought that the two letters that Mrs B showed us did suggest that her terms and conditions wouldn't change. That didn't mean that NewDay had to keep accepting payment by credit card forever. I thought those letters meant the terms and conditions of the card wouldn't change straight away. NewDay could still change Mrs B's terms and conditions later, including telling her that it wouldn't take payment by credit card any more. So I said I wasn't going to ask NewDay to accept payments by credit card from Mrs B, or to compensate her for the vouchers that she told us she misses out on.
- But if NewDay wanted to make a change to her terms and conditions, then it had to follow the right procedures. Although the Lending Code doesn't directly apply to store cards, I thought that it was fair to apply those standards to NewDay in this case, as I would to a credit card. So that meant that if NewDay wanted to change Mrs B's terms and conditions to her detriment, then it needed to give her at least 30 days notice. NewDay can make changes which aren't to the customer's disadvantage immediately, but I didn't think this was one of those cases. I thought that Mrs B was disadvantaged by

this change, because she had to rearrange her finances. So I thought NewDay needed to give Mrs B 30 days notice of this change.

- NewDay accepts that it didn't give Mrs B any notice of the change. So I thought that NewDay made a mistake when it didn't tell Mrs B about this change. Mrs B only found out about it when she contacted NewDay. She said that it was stressful trying to arrange an alternative payment method at short notice, without incurring charges. Mrs B found out about this change just before she made a payment. So I accepted that arranging to make a payment by a different method with no notice would've been stressful for Mrs B. I thought that NewDay should pay Mrs B £100 in compensation to say sorry for that.

I invited the parties to make any final points, if they wanted, before issuing my final decision. NewDay had no further comment. Mrs B said that she thought that I should increase my award.

my findings

I've reconsidered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I haven't changed my mind.

When I summed up what the adjudicator had said in this case, I said he thought that the commitment to allow Mrs B to use the card in the same way probably only applied to spending. Mrs B asked me to explain this, because she said that the extra evidence she had sent through, which was an extract of a payments screen from her card provider, didn't relate to spending. Mrs B sent us both an extract from a payments screen, and extracts from letters from her old and new card providers. I was referring to our adjudicator's view of those letters. I apologise if my summary of the adjudicator's views wasn't clear. As I explained in my provisional decision, I had reached my decision on a different basis.

Mrs B pointed out that NewDay allows people in financial difficulties to pay by credit card. She couldn't understand, if NewDay would allow some people to do this, why it wouldn't let her do it. But Mrs B is clear that she wasn't in financial difficulties. And I don't think that NewDay has to treat Mrs B the same as people who are in financial difficulties.

Mrs B didn't think that £100 was enough for all of the stress she'd been caused by this issue. She said that this amount was a pittance to the company, and no deterrent. She said that NewDay had treated her very poorly. And she thought that NewDay would continue to treat customers like this unless we asked it to pay more. Mrs B said she'd lost £500 because of this change, so £100 didn't compensate for her loss.

When I look at compensation, I have some guiding principles I need to consider. One is that I'm seeking to put people back in the position they would've been in if the mistake hadn't been made. In this case, as I explained in my provisional decision, I don't think that it was a mistake for NewDay to change the terms and condition of Mrs B's account so that she couldn't pay by credit card. I think it was entitled to do that. So I'm not looking to put Mrs B back in the position she would've been in if she had been able to continue to pay by credit card. I don't think that NewDay needs to pay her the £500 she said she lost because of that change.

Another key principle for me to consider is that I'm only looking at Mrs B's case. Mrs B said that I should make an award that would act as a deterrent to NewDay, so that it wouldn't do this again in future. But I'm not a regulator. It's not my role to punish NewDay, I don't have

any powers to do that. My role is to think about whether NewDay has done enough to make up for its mistake. And the only mistake I have identified in this case is that NewDay didn't give Mrs B any notice when it changed the terms and conditions on her account. I think that £100 is sufficient compensation for that. I know Mrs B will be disappointed, but I don't think that NewDay needs to do more than that.

my final decision

My final decision is that NewDay Ltd should pay Mrs B £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 9 October 2017.

Esther Absalom-Gough
ombudsman