

The complaint

Mr N complains that NewDay Ltd trading as Aqua closed his credit card account without telling him.

What happened

Mr N opened an Aqua credit card account in November 2015.

The last time Mr N used the card was on 16 August 2018 when he made a payment to clear the account balance in full. The card wasn't used again for purchases and expired on 31 October 2021.

On 13 July 2022 Mr N used the online management tool to request a credit limit increase on the account. The request was declined.

Mr N updated his personal details on the account on 12 October 2022. NewDay reviewed the account on 10 November 2022 and reduced the credit limit from £3,600 to £500 due to inactivity. Following this, NewDay closed the account on 10 November 2022 due to inactivity and the fact that the card had expired in October 2021.

On 26 April 2023 Mr N contacted NewDay and requested a new card. The agent advised Mr N that the account had been closed.

Mr N complained to NewDay. He was unhappy that he hadn't been told about the closure of his account.

In its final response, NewDay said it hadn't done anything wrong by closing the account because it had done so within the terms and conditions. It acknowledged that Mr N's complaint hadn't been logged when it should have been and apologised for not sending an account closure letter. NewDay offered compensation of £55 for the trouble and upset caused.

Mr N remained unhappy and brought his complaint to this service. He explained that he'd intended to make a balance transfer to the NewDay account from another account and his inability to do so had meant that he'd had to pay interest on the other account. Mr N said he wanted his account re-opened with a credit limit of £3800 and compensation of £380.

Our investigator didn't uphold the complaint. She said that NewDay hadn't acted unfairly by closing the account. She also said that the terms and conditions of the account allowed NewDay to close the account without giving notice if the account had been dormant for at least 6 months. The investigator also said that although Mr N had said he'd wanted to take advantage of an interest free balance transfer, there were no 0% offers available at the time, so this wouldn't have been possible even if the account hadn't been closed.

Mr N didn't agree. He said that NewDay had breached the terms and conditions of the account by failing to give him two months' notice of the account closure. He said that even if there hadn't been a 0% interest offer available, he still would've saved interest by

transferring the balance from his other account because the interest rate was better. Mr N also said that NewDay had told him they had logged his complaint when they hadn't, and it had taken him hours on the phone to sort things out.

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've reviewed the terms and conditions of the account. These say that NewDay can end the agreement by giving two months' notice in writing. They also say that NewDay can close the account if the account has been dormant for at least 6 months (meaning that it has not been used at all and has a £0 balance throughout that period). In the latter case, the terms and conditions don't say anything about giving two months' notice.

I've reviewed the history of the account and I can see that the account has been dormant since August 2018 with a £0 balance ever since that date. I'm therefore satisfied that NewDay acted in line with the terms and conditions when it closed the account.

I appreciate that Mr N feels that he should've been given notice that NewDay intended to close the account. As I've said above, the terms and conditions relating to dormant accounts don't specify that two months' notice is required. That said, I think it was unfair of NewDay not to give Mr N notice of the account closure, so I've thought about the impact that this had on him.

Mr N has said that he intended to do a balance transfer from another account to his Aqua card because his promotional offer on the other account had come to an end and he wanted to avoid paying interest on the balance.

NewDay has told this service that there weren't any promotional offers available to Mr N on the Aqua card at this time, so he couldn't have had (for instance) a 0% balance transfer.

Mr N has said that the interest he would've paid if he'd transferred his balance from his other card to his Aqua card would've been less, so he would still have benefitted. I haven't seen any evidence to support this. I have no information about the balance on Mr N's other account or the interest rate applicable on that card following the end of the promotional offer.

Taking all of this into account, and although I think it was unfair of NewDay not to give Mr N notice of the intended closure of his account, I haven't seen anything to suggest that the closure had a significant impact on him. In saying this I've had regard to the fact that the account hadn't been used for over 5 years, and there had been no promotional offers available to Mr N since 2021.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 1 August 2024.

Emma Davy
Ombudsman