

The complaint

Miss B has complained NewDay Ltd, trading as Debenhams Storecard, is expecting her to pay for transactions she didn't make.

What happened

In March 2019 Miss B took out a Debenhams credit card when she was in a store. Soon after she got sent her permanent card. At this time Miss B was in a relationship. Her partner was extremely controlling and threatened her. Within a few months she realised he'd taken her Debenhams card and used it without her consent. She complained to NewDay.

Initially Miss B told NewDay she'd not taken out the card at all. As they knew she had, they felt her credibility was in doubt. They found it difficult to believe she'd not completed the disputed transactions herself.

Miss B was struggling with the end of her relationship and finding out the type of person her partner was. She brought her complaint to the ombudsman service.

Our investigator reviewed the evidence. He saw no reason to doubt Miss B's testimony. Some of the transactions – after those that Miss B admitted she'd made – had been made in a different physical location to Miss B's so he asked NewDay to cancel three disputed transactions. As there'd been a period when Miss B had made no payments towards her debt, NewDay had added a default to her credit record. Our investigator also asked NewDay to remove that and pay Miss B for the distress caused to her.

NewDay remained sceptical about what happened. They've asked an ombudsman to make a decision.

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.

Having done so, I've reached roughly the same conclusion as our investigator. I'll explain why.

Miss B has been represented in her complaint by her mother. She's told us about what Miss B – and her family – has been through because of Miss B's former relationship. The police have been involved and supported Miss B as a victim of domestic abuse. Throughout this process NewDay has been kept informed of this.

So I find it surprising NewDay has continued to dispute what happened. I appreciate firstly Miss B told them she'd not opened the account and was unclear what transactions she carried out. But I think NewDay should have considered what Miss B went through. It's clear she's young and extremely upset about her experience. I don't believe the inconsistencies in her story should imply her story overall is not convincing.

The key issue is around consent. There are three disputed transactions made in late March

2019 either online or using the card and PIN. Miss B has explained how her partner took her card. Her PIN wasn't kept separately so easy for her partner to locate. I suspect the ease of locating the PIN wouldn't have limited his ability to use her card without the PIN. The large disputed transaction is for £250 and was completed online so no PIN would have been required.

I think there is enough evidence, based on Miss B's and her family's testimony, to suggest Miss B didn't authorise the three disputed transactions. I'm also aware that throughout the period since she took out the card, she has tried to make payments and limit any damage to her credit record.

In coming to this conclusion, I've also noted NewDay's representations to our investigator following his initial view of 15 July 2020. This includes the fact Miss B most likely registered her card online with NewDay. I don't believe this impacts my decision.

Putting things right

I've already confirmed I believe there were three disputed transactions. These amount to £266.49 as noted on Miss B's first statement dated 4 April 2019. These amounts will need to be credited back to Miss B's account.

NewDay has also added interest, late payment fees and charges to Miss B's account.

I'm aware that by mid-July 2020 Miss B had repaid £349.30 which far exceeds her own transactions of £233.13. If she's still paying £10 a month, there will be even more to repay her.

NewDay can add interest at the account rate to Miss B's transactions until she repaid this amount in full. After that they'll need to refund money Miss B has repaid and add 8% simple interest to that.

NewDay wrote to Miss B in March 2020 confirming a default was to be added to her credit record. Based on the repayments I can see Miss B has made (which NewDay confirmed in an email on 8 October 2020), I believe these will always have exceeded any requirement to make a minimum repayment so any adverse records, including the default, on Miss B's credit file will have to be removed.

Our investigator felt that NewDay should pay Miss B £100 in compensation. I agree this would be fair. I say this mainly because NewDay were slow in passing Miss B's account to their team managing vulnerable consumers and the impact this had on her.

My final decision

For the reasons I've given, my final decision is to instruct NewDay Ltd, trading as Debenhams, to:

- Deduct transactions totalling £266.49 from Miss B's account, including related interest and any fees;
- Refund any money Miss B has paid in excess of her £233.13 debt and associated interest;
- Add 8% simple interest to that money from the dates she paid it until the date of settlement;
- Remove any negative data, including a default, from Miss B's credit record; and
- Pay Miss B £100 for the trouble caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 12 January 2021.

Sandra Quinn
Ombudsman