

The complaint

Mr D complains that NewDay Ltd wouldn't refund a payment he didn't make from his card account.

What happened

Mr D's card account was in credit and a payment of £750 out was made to a bank account. Mr D said he didn't authorise this and that he had been the victim of fraud. He contacted our service when he didn't receive a refund.

NewDay decided to refund the credit to his account when it submitted its business file to this service. It said that this was because it had identified errors in the handling of its investigation and there were delays in reviewing the case properly. It said that this applied to a similar complaint Mr D had made with a differently branded card account. And that it would pay him total compensation of £150 to cover both of the issues.

Our investigator recommended that NewDay pay Mr D £150 in relation to this card account alone. He said that he'd be considering the other card account in a separate complaint. And that a complaint Mr D had raised about other unauthorised payments that had come to light on this card account would also be one we'd investigate separately.

The credit balance refund he was looking at here had been made on 18 February 2019. Mr D called NewDay on 20 February 2019 and was told that his account had been blocked due to fraud concerns. This had been because NewDay had concerns about someone trying to access his account on a number of occasions. A new card was ordered for him and this was unblocked on 28 February 2019. Mr D had asked for statements on the account and contacted NewDay about this again on 8 May 2019. He also then notified it that he didn't recognise the credit balance refund. On 26 May 2019 he contacted it again as he had still not received the statements and he raised a complaint. NewDay issued a final response on 3 June 2019 but this only dealt with the issue with his statements and paid him compensation of £25 for poor service.

Mr D continued to contact NewDay about the payment. And there are multiple records of him calling but not making any progress. Although it had told him in October 2019 that it would be looking into things further it hadn't done so. And Mr D contacted this service in January 2020. Our investigator thought that given NewDay's earlier concerns about a third party trying to access Mr D's account it should have come to the conclusion that there'd been fraud earlier. So, he recommended compensation for the distress and inconvenience caused. He noted that NewDay said it had applied a protective marker at CIFAS, the national fraud database to alert other businesses that Mr D had been the victim of fraud.

NewDay disagreed on the basis that it thought the compensation should still cover both complaints. Mr D didn't agree that the amount for this complaint was sufficient. He said that he was subject to the most harrowing or ordeals. It took over a year before he got his money back and this has a significant financial effect on him. He also described the emotional impact and how he never got an apology and he felt despair about things. He called multiple times and the compensation wasn't enough to reflect this.

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'm sorry to hear Mr D has been the victim of fraud. I don't doubt that this was very distressing for him and I've listened to a call he had with our investigator in which he described in a very poignant way how NewDay's actions have compounded those of the fraudster in the first place.

I'm looking at this complaint and a separate one about his other account. And there were very similar issues and so I still need to think about what is fair overall. And my reasoning will also be similar even though the complaints are set up separately.

It isn't now in dispute that a refund should have been applied much earlier to Mr D's account. And as far as this account is concerned NewDay never addressed the issue until this service had become involved. Mr D continued to persevere and make multiple calls and as he says at times felt like he was being treated as a fraudster and not taken seriously.

Putting things right

NewDay has refunded the money to him and recalculated interest on that payment on the basis that it would have reduced any debit balance. I noticed that it hadn't refunded the insurance element on the disputed balance charged at 1.5 per cent per month. It told me that this amounted to £138. It agreed to refund this amount and through our investigator I told it that this should include any interest on those payments and the account be reworked to adjust for this.

This is a further refund for Mr D but the issue I also need to decide on is the appropriate amount of compensation for the distress and inconvenience caused and the length of time Mr D was without this money. We don't make punitive awards and we think about the overall impact of what happened. There were clearly parallel issues in these complaints. Having taken into account our published guidance about trouble and upset and applied my own judgement I think that the additional amount recommended for this complaint – of £150 – is reasonable. I know Mr D will be very disappointed by my conclusion about that. But I think that the overall amount across the two complaints fairly reflects what happened.

My final decision

My decision is that I uphold this complaint and I require NewDay Ltd to:

- 1) Pay Mr D a further £150.

- 2) Rework his account to remove the insurance premiums on the disputed balance including interest to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 12 August 2021.

Michael Crewe
Ombudsman