

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 £546.36 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 £100 in relation to this card account alone. He said that he'd be considering the other card account in a separate complaint. On 13 February 2019 NewDay had received a call from someone who said he was Mr D. And that person arranged for the credit balance on the account to be refunded to a bank account. Mr D contacted NewDay on 14 March 2019 to say that he hadn't made any of the calls to NewDay between 12 February and 6 March 2019. And so, a fraud claim was registered. On 27 April 2019 Mr D told NewDay he hadn't requested the refund. And the amount repaid had gone to an account different to the one he made direct debit payments to NewDay from. He called NewDay in May 2019 to say he hadn't received a refund and registered a complaint. On 18 July 2019 NewDay issued a final response saying that it wouldn't be refunding the money as the bank account it was paid to was directly connected to Mr D.

Our investigator said that NewDay had concerns in February 2019 about potential fraud on Mr D's accounts. Although it said that the bank account used for the payment was connected to Mr D it hadn't provided evidence to support that. And he thought that it ought to have realised much sooner that it wasn't Mr D who made the credit balance payment. So, he thought that the further £100 for this complaint was appropriate. 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 of 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 have been split.

It isn't now in dispute that a refund should have been applied much earlier to Mr D's account. I am not clear if Mr D received the final response for this complaint. But I think that NewDay had made its position then clear and he could have referred it to us. 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. And he contacted our service about this in January 2020.

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. NewDay confirmed that there were no insurance premiums applied on this account.

The issue I 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 amount recommended for this complaint – of £100 – 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 pay Mr D a further £100.

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