

The complaint

Ms M complains that NewDay Ltd reversed a chargeback credit without telling her that was a possibility.

What happened

Ms M says she asked NewDay on 10 August 2020 to raise a claim for hotel accommodation she was unable to use as her flights had been cancelled. She says she called NewDay on 24 August 2020 and was told the money had been returned to her account and wasn't advised at any stage the merchant could challenge the process. Ms M says on 1 October 2020 the payment was reversed which came as a shock to her and says she spent against the credit. She says NewDay shouldn't have credited her account until the dispute was sorted out and that she is now out of pocket by over £2,260. Ms M would like that money refunded and compensation for the stress she was caused and says this dispute was raised as a disputed transaction not a chargeback.

NewDay says it was instructed by Ms M to raise a chargeback which it did. It says Ms M signed a declaration on 11 August 2020 which made clear the refunded money could be reversed. NewDay says the merchant defended the chargeback and it followed the chargeback rules by reversing the credit. It says Ms M called it on 24 August 2020 and it told her the money had been returned to her account.

Ms M brought her complaint to us and our investigator upheld it in part. The investigator thought Ms M was told the merchant could dispute the chargeback and that any payment or credit could be reversed. But thought NewDay could have been clearer in the call on 24 August 2020 and thought it could have been interpreted that the chargeback was successful and the process complete. The investigator recommended NewDay pay £75 compensation.

Ms M doesn't accept that view and in summary says she wasn't advised this was a chargeback and wasn't told it could be reversed. She maintains she was told she had been refunded the money which she then spent and that has resulted in a loss of the money.

My provisional decision

I issued a provisional decision about this complaint and came to the provisional view that NewDay has dealt fairly with this complaint.

I explained that the chargeback rules were set not by NewDay but by the card providers. The chargeback scheme is voluntary with no guarantee of success. I made clear to Ms M that NewDay must follow the chargeback rules.

I was satisfied that NewDay tried to help Ms M with her dispute by raising a chargeback. I didn't think it matters that Ms M didn't realise it was a chargeback or thought it was a disputed transaction as both terms are often used to describe the same process. The key document here is the form that Ms M signed and ought to have read about the process. That document instructed NewDay to raise a dispute but made clear that Ms M's account would be credited and that any credits could be reversed following evidence from the merchant. I

was satisfied that information was prominently displayed and so I was also satisfied that Ms M was told that any credit to her account could be reversed. In those circumstances I didn't think NewDay misled Ms M or made a mistake by later reversing the credit.

I was satisfied that the merchant involved in this dispute defended the claim and provided evidence which meant Ms M's claim didn't succeed. So, I was satisfied NewDay acted appropriately by reversing the credit in October 2020.

I listened carefully to the telephone call between the parties on 24 August 2020. I appreciated what that investigator says that it's open to interpretation. But I was satisfied it was a relatively short call in which Ms M asked "had it gone through?" to which NewDay said "yes" and the call was ended by Ms M. I didn't think NewDay had an opportunity to clarify matters in those circumstances and I didn't think it could have known that Ms M took that to mean the chargeback itself was successful and resolved. I also thought that Ms M ought reasonably to have been aware from the signed declaration that she would receive a credit in her account, but any chargeback could be defended. I didn't think it realistic to think any dispute could have been completely resolved in a matter of days from 11 August 2020. And I thought it unfair to find that NewDay ought to have been clearer when the call was ended by Ms M.

I appreciated Ms M says NewDay shouldn't have credited her account until the dispute was completely resolved. But I hoped Ms M appreciates that NewDay doesn't have a discretion in such matters and must follow the chargeback rules.

I also appreciated Ms M says she has lost over £2,260 as a result of NewDay's actions. I couldn't see why Ms M says that and I hoped she would explain that further before my final decision. I explained that I can't fairly hold NewDay responsible for the outcome of the chargeback and so I thought Ms M would have lost that money in any event. I also thought that Ms M spent the credit but had the benefit of that spending in receiving goods and services.

Overall my provisional view was that NewDay made clear at the start of this dispute that Ms M's account would be credited, and that credit was subject to reversal. And that I didn't think NewDay during the telephone call could have known that Ms M thought the chargeback had ended. I also didn't think Ms M asked if the process was ended and I would have reasonably expected her to have asked that question in the circumstances.

Ms M has replied in detail to my provisional view and in summary doesn't accept it. She says NewDay didn't provide her with a copy of the chargeback rules or information about the process or steps involved. She says the call length has no relevance here and maintains that she wouldn't have spent the money if she knew it may be debited.

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 have come to the same overall view that I reached in my provisional decision and for the same reasons. I don't propose to answer each of Ms M's points as I'm satisfied that my provisional decision does answer those points and provides the reasons for my decision.

I have made clear that the key document here is the letter NewDay sent to Ms M and in which made clear that any account credit may be reversed. So, I don't think it's correct to say NewDay didn't provide Ms M with any information about the chargeback process. And I

think that if Ms M wished to have a copy of the chargeback rules then should could have asked for them or obtained a copy online. I would not expect NewDay to provide a copy of the rules in these circumstances. I'm also satisfied that I have made clear that I think Ms M did not suffer a financial loss and received the benefit of her spending.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 2 December 2021.

David Singh
Ombudsman