

The complaint

Miss Y is unhappy that NewDay Ltd rejected her chargeback request.

What happened

In July 2021 Miss Y purchased an item online and paid using her NewDay credit card. The item cost £140. When Miss Y received the item it was damaged, so she contacted the seller and asked for a refund. The seller agreed that the item could be returned.

Miss Y returned the item via tracked mail. A couple of days later Miss Y chased the seller for a refund. The seller said the refund had been sent and provided a screenshot to confirm this. Because Miss Y had used her partner's online account to make the purchase, the refund had been sent to her partner.

Miss Y raised a chargeback claim with NewDay. NewDay rejected the claim on the grounds that there wasn't enough evidence.

Miss Y wasn't happy with the response and complained to this service.

Our investigator upheld the complaint. She said that if NewDay had asked Miss Y to provide the correct information at the outset, it was likely that she would have provided enough information for her chargeback claim to be successful. The investigator said that NewDay should pay £140 to Miss Y to reflect the error in not advising her of the information required.

NewDay didn't agree. It said that Miss Y hadn't contacted them to ask what evidence would be required and said that the evidence she had provided wasn't sufficient to support her claim. NewDay said the screenshot showed that the refund had been made to Miss Y's partner and that there had been no error on its part. NewDay also said that the seller had advised that it hadn't received the goods back, and that Miss Y hadn't provided evidence of the return.

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.

A chargeback is a transaction reversal made to dispute a transaction and secure a refund for the purchase. When a chargeback happens, the disputed funds are held from the seller until the card issuer decides what to do, based on information provided by both the seller and the buyer.

In this case, I can see that a chargeback was raised within the relevant 120 day timescale. The available information shows that Miss Y contacted NewDay on 21 July 2021 to raise a dispute, because despite returning the goods, she hadn't received a refund from the seller. NewDay advised Miss Y to wait for 15 days before raising the dispute online and uploading evidence.

I haven't been able to listen to this call because NewDay didn't provide it. Miss Y says that

she was advised that the only evidence she needed to provide was proof of purchase. NewDay has said that there was no contact from Miss Y to ask what evidence would be required, and has said that it's clear from the online form what evidence is required. Ultimately, NewDay rejected the chargeback because it said Miss Y hadn't provided enough evidence.

I've thought about whether NewDay did enough to make Miss Y aware of the evidence she needed to provide. I'm satisfied that Miss Y spoke to NewDay on 21 July 2021, and I don't agree with NewDay when it says that there was no contact from Miss Y about what evidence would be needed. I think NewDay should've been clearer with Miss Y about the evidence that was needed to support her claim. I'm inclined to prefer Miss Y's testimony about what was said to her regarding the evidence she needed to provide. Based on what I've seen, I'm satisfied that Miss Y was in possession of evidence over and above a proof of purchase, and I think she would've provided all of this evidence had NewDay been clearer about the evidence which was required.

I appreciate that the online form advises a consumer to provide evidence to support the claim, but in the circumstances of this case, I'm satisfied that Miss Y had already spoken to NewDay and had been advised to provide proof of purchase only. As a result, Miss Y didn't provide anything beyond this, even though she had other information in her possession which would've supported the claim and in all likelihood, would have resulted in a successful claim.

Taking everything into account, I'm of the view that NewDay could have done more here. It should have asked Miss Y to provide the correct information in support of her claim when she first spoke to them.

Putting things right

To put things right, NewDay must pay £140 to Miss Y for its failure to ask her to provide the correct information to support the claim.

My final decision

My final decision is that I uphold the complaint. NewDay Ltd must pay £140 to Miss Y.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss Y to accept or reject my decision before 26 April 2022.

Emma Davy
Ombudsman