

The complaint

Miss E complains that NewDay Ltd didn't authorise a transaction from her credit card.

What happened

Miss E holds a credit card account with NewDay.

In November 2021, Miss E attempted to buy two rings from a luxury department store. She'd travelled some way to visit the department store to make her purchase, and she'd also planned to celebrate afterwards. But the transaction was blocked twice, despite Miss E contacting NewDay to confirm that it was genuine.

The following day, Miss E raised a formal complaint. In summary, she said her trip had been ruined by NewDay's actions. She'd been unable to complete an important purchase, for which she'd travelled a long way, and she'd been caused extreme embarrassment in the department store when her card was declined. Miss E felt she'd done enough to confirm that it was her attempting the payment, so it should have gone through.

NewDay issued its final response on 10 December. It apologised for what had happened, and it acknowledged that Miss E had suffered some distress and inconvenience. NewDay explained that the transaction had been blocked twice by its fraud prevention systems. While NewDay understood that it would've been inconvenient for Miss E at the time, blocking the transaction was a reasonable course of action in-line with the terms and conditions of Miss E's account.

NewDay clarified that, sometimes, a transaction can be blocked more than once. This can happen for various reasons as part of NewDay's processes for combatting fraud, and its fraud prevention measures are ultimately there to protect its customers. Despite that, NewDay recognised some distress and inconvenience had been caused. So, to resolve Miss E's complaint, NewDay paid her £80 which it credited directly to her credit card account.

Miss E remained unhappy, and she referred her complaint to our service. An investigator here looked at what happened, but he didn't think NewDay needed to do anything more. In summary, he said:

- NewDay has a duty of care towards its customers, and it's entitled to set its own security and fraud-prevention processes.
- The terms and conditions of Miss E's account set out that payments can be blocked for security reasons, which is what had happened here.
- NewDay had paid Miss E a fair and reasonable amount of compensation in the circumstances.

Miss E disagreed with the investigator and she asked for an ombudsman's decision. So, as no agreement has been reached, the complaint has been passed to me to decide.

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, while I know it will disappoint Miss E, I've reached the same conclusion as our investigator and for largely the same reasons. I'll explain why.

NewDay must have in place security measures and procedures in order to try to safeguard its customers' accounts, and to ensure it complies with its legal and regulatory obligations.

I've checked the terms and conditions of Miss E's credit card account, and I'm satisfied they make it clear that NewDay may refuse to authorise a transaction where it has security concerns – as it did here. So, I don't think NewDay made a mistake by not allowing the transaction to go through.

Having said that, I know the crux of the matter for Miss E is that she was attempting to make a legitimate transaction. After all, once the first attempt was declined, she spoke with NewDay – via its webchat service – to confirm that it was indeed her attempting to make the purchase. And it does appear that the block was initially lifted when Miss E first raised the issue, only for it to be reapplied when she tried to make the payment a second time just a few minutes later.

NewDay has explained that its fraud prevention process can flag a payment as potentially fraudulent, and not authorise it, more than once. This might happen for several reasons which automated fraud prevention systems, like NewDay's, can pick up on. For example, if the payment is for a particularly large amount, if it's a payment being made to a high-end retailer or if it's a purchase outside of a customer's usual spending habits. And all those reasons are applicable to Miss E's attempted purchase here.

I'm pleased to note that Miss E was able to complete her purchase a couple of days later. Though I can, of course, understand how frustrating this situation must have been for her at the time. But while I empathise with Miss E, fraud is a very serious issue. And the fact is that firms have a duty to protect their customers from the ever-increasing threat of fraudulent activity.

I'd expect NewDay to have measures in place to pick up on potentially unauthorised or fraudulent payments – it would be irresponsible if it didn't. And unfortunately, on occasion, this means that legitimate transactions may be delayed or blocked.

While I know Miss E wants NewDay to review its systems and fraud-prevention measures, so this situation doesn't happen again, it's not for this service to interfere with these processes. Ultimately, it's for NewDay to decide its methods to meet its legal and regulatory obligations.

Miss E has also said she would like further compensation but, in all the circumstances, I don't think NewDay needs to do anything more. I say that because I think NewDay acted reasonably in following its fraud-prevention process, and I find that the £80 it has already credited to Miss E's account is enough to acknowledge the distress and inconvenience caused.

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 Miss E to accept or reject my decision before 6 July 2022.

Simon Louth
Ombudsman