

## **The complaint**

Mr H complains NewDay Ltd (NewDay) having agreed he could make an overpayment to his credit card account for a car purchase, then refused the transaction and took over a month to return the funds to his bank account.

## **What happened**

Mr H says he telephoned NewDay in early July 2021 and informed them he was looking to make a large payment into his credit card account, to enable the purchase of a car from a car dealership. Mr H says NewDay agreed he could make an overpayment to his credit card account, but on the day of the purchase, NewDay blocked the transaction for security reasons causing him great embarrassment. Mr H says he then instructed NewDay to return the credit balance of his credit card account to his bank account and was told it would take 10 days, but it took NewDay over a month to make the payment.

Mr H feels NewDay misinformed him about the transaction and took far too long to refund the balance back to his bank account. Mr H wants NewDay to pay him compensation for the stress he has gone through and for the loss of interest during this time. Mr H believes NewDay's customers refund policy should be improved.

NewDay says he failed the security questions at the time of the transaction, and this is in place for the customers benefit and had done nothing wrong here. As far as the refund of the credit balance remaining on Mr H's credit card account, initially NewDay felt it had been actioned within its refund timescale of 28 days. Subsequently, NewDay have accepted it had incorrectly told Mr H in its final response letter, that it would take 28 days to make the credit balance refund, when in fact it should have made the refund in 10 working days, but failed to do so because of an internal system error. As a result, NewDay agreed to pay Mr H £50 by way of compensation and a further £150 to represent 8% simple interest on the sum involved over this period of time.

Mr H wasn't happy with NewDay's response or its subsequent revised offer of compensation and referred the matter to this service.

The investigator looked at all the available information and upheld Mr H's complaint. The investigator felt NewDay had told Mr H he could make the initial transaction and the security questions it raised, wouldn't have occurred if Mr H's credit card account hadn't been in credit. The investigator also felt NewDay's offer of compensation of £50 for the misinformation concerning the refund and how long it took, didn't go far enough. The investigator felt to put matters right NewDay should pay a total compensation payment of £300 alongside the £150 NewDay had agreed to pay, representing 8% simple interest while Mr H's funds were unavailable to him.

NewDay didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final decision.

I sent both sides a provisional decision, where I said :

*I've considered all of the evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*Having done so, I have come to a different outcome to that of the investigator and I will explain how I have come to my decision.*

*I can understand it would have been frustrating and upsetting for Mr H having thought he had put in place an arrangement to make a sizeable purchase on his credit card account, only to see the transaction declined by NewDay and then for it to take several weeks to refund the monies to him.*

*Mr H's complaint centres around two issues, firstly NewDay had confirmed to him over the telephone it was ok to transfer a large sum to his credit card account to purchase a car, and then declined the transaction for security reasons. Secondly, having made this mistake NewDay took several weeks to refund the credit balance on his credit card to his bank account, having told him it would take 10 days.*

*As far as the first part of Mr H's complaint is concerned, I have listened to the telephone call Mr H made in early July 2021 to NewDay, to discuss the potential car purchase and the transaction he wanted to make. In that call on more than one occasion NewDay's advisor did tell Mr H it couldn't recommend he transferred such a large sum to his credit card account and a bank transfer would be a preferable method, albeit such a transaction was available to him. While perhaps NewDay's agent could have elaborated here as to why she couldn't recommend this type of transaction, it's fair to say from listening to that call, Mr H was intent on making the payment using his credit card account. So that was a decision he chose to make here.*

*Additionally, when the transaction was attempted it was for a sum considerably less than the amount Mr H had discussed over the telephone with NewDay and given he wasn't able to answer the security questions when asked, I can't say NewDay were at fault when it declined the transaction. It's worth saying these type of security measures are also in place to protect consumers against potential fraud. So overall on this part of Mr H's complaint, I am satisfied NewDay have acted reasonably here.*

*Where I do support Mr H's complaint, is over the time it took NewDay to return the credit balance of the credit card account to his bank account once he had requested it. NewDay initially informed Mr H in its final response letter, that it had acted fairly taking 28 days to return the payment. Subsequently however, NewDay have accepted its response was incorrect and it should have been actioned in 10 working days, as it had originally advised Mr H.*

*So, while NewDay have agreed to pay 8% simple interest on the balance of the credit card account for the delayed period in question, rounded up to a sum of £150, I'm not persuaded that its offer of compensation of £50 goes far enough here. Given the worry and stress Mr H went through over this matter and the misinformation NewDay gave, I am of the view a more realistic sum of redress here should be £150.*

*While neither party may be happy with my provisional decision, I am satisfied this is a fair outcome here.*

*I propose NewDay pay Mr H £150 for the trouble and upset caused over the misinformation and for the delay in refunding the balance of his credit card account, along with the £150 it has already agreed to pay for the loss of availability of those funds for the period in question.*

*A total of £300.*

I gave both Mr H and NewDay until 28 September 2022 to accept or reject my provisional decision. While Mr H responded to my provisional decision, I have heard nothing further from NewDay, so the case has been passed back to me to make a final decision.

### **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.

Mr H was disappointed with my reasoning regarding the blocking of his payment on his account, but he was happy to accept the overall decision. Despite reminding NewDay of the deadline to respond to my provisional decision, I have heard nothing further from them and with that in mind I see no reason to change or alter my provisional decision, so my final decision remains the same.

### **Putting things right**

I instruct NewDay Ltd to pay Mr H £150 for the trouble and upset caused over the misinformation and delay in refunding the balance of his credit card account, along with the £150 it already agreed to pay for the loss of availability of those funds, for the period in question. Therefore, a total of £300.

### **My final decision**

My final decision is that I uphold this complaint.

I instruct NewDay Ltd to pay Mr H £150 for the trouble and upset caused over the misinformation and delay in refunding the balance of his credit card account, along with the £150 it already agreed to pay for the loss of availability of those funds, for the period in question. Therefore, a total of £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 October 2022.

Barry White  
**Ombudsman**