

The complaint

Mrs M complains about NewDay Ltd trading as Amazon Classic Card's policy regarding refunds to the credit card and these being paid to a bank account upon request.

What happened

Mrs M says she received two refunds to her NewDay credit card on 17 and 18 May for £112.50 and £145.93. She contacted NewDay and requested the funds to be paid back to her bank account, but the request was declined, despite her clearing the full balance on 1 May, before her payment due date of 16 May. Mrs M says at the point of her request, the next statement payment due date was 13 June, so as per the credit agreement, she owed NewDay nothing until the payment became due, however, they refused her refund request, saying that she had used her credit card and owed them money, and this is why they were going to withhold her refunds.

Mrs M asked to speak to a manager, who insisted that this was NewDay's process. She said that after being on the phone for over an hour, he agreed to refund the two amounts as a gesture of goodwill, only because she cleared her balance in full each month and because she'd been on the phone for over an hour. She said that she had a third refund on her account for £44.98, which hadn't shown up at that point, and he agreed he would enter a note on her account to say that she could have that refunded also when she called them, but she didn't do this as she had suffered too much stress during the hour plus long call, and she decided to let the credit stay on her account. Mrs M made a complaint to NewDay, and she asked them to provide her with a copy of the credit agreement, clearly stating what their policy was regarding refunds received and their return, which they failed to do.

NewDay upheld Mrs M's complaint. They said they didn't process a refund of £44.98 to her bank account. In addition, they appreciated the time she spent on the phone on 19 May 2022. They said for the inconvenience caused, they applied a £20 credit to her account as an apology. NewDay also said after retailers had refunded her account, NewDay wouldn't transfer the refunds into her bank account in this situation, and in addition, such rebates reduce the account balance. However, customers can request them to send a credit balance into their bank account if a NewDay account is in credit after retailers process refunds. They said they could send a credit balance to a customer's bank account only when an account is in credit and they confirmed that is NewDay's internal process. Mrs M brought her complaint to our service.

Our investigator did not uphold Mrs M's complaint. He said NewDay clearly explained their process and how they will handle future refunds and that this is in line with industry standards. He said the resolution put in place by NewDay was fair and reasonable on this occasion.

Mrs M asked for an Ombudsman to review her complaint. She made a number of points. In summary, she questioned where it says in the credit agreement, that NewDay can decide how much and when she pays. She said she pays her statement off in full every month, but that should not have been the reason why, after over an hour on the phone, that they finally agreed to give her money back as a gesture of goodwill. She said she did not agree to the

£20 credited to her account, as she knew she would be taking the situation further, but they just applied it, which was something else that NewDay have been incorrect in stating.

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.

Mrs M has made a number of points to this service and I've considered and read everything she's said and sent us. But, in line with this service's role as a quick and informal body, I'll be focusing on the crux of her complaint in deciding what's fair and reasonable here.

I'd like to explain to Mrs M that it is not within this service's remit to tell a business how to run their refund procedures or what internal policies they should include in the credit agreement/terms and conditions. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct NewDay to make changes to their policies and procedures, if necessary. Our service acts as an informal dispute resolution service for complaints about financial businesses. We look at the circumstances of individual complaints and, on a case by case basis, taking into account relevant industry guidance for example, make findings about whether a financial business has failed their customer.

NewDay have provided our service with a copy of the credit agreement. I can see on page 14 of the credit agreement that it states *"If a retailer gives you a refund for a purchase we will only credit it to the account when we receive details from the retailer. We may treat this refund as a payment to your account."* So I'm satisfied that this is what NewDay did here. When the retailers refunded the purchases Mrs M made and NewDay received the details of this, they credited this to her account and then treated this as a payment – in line with the credit agreement.

So I wouldn't expect NewDay to pay the refund into Mrs M's bank account upon her request based on the credit agreement. The credit agreement gives no indication that they could or would pay refunds into a customer's bank account upon request, whereas the credit agreement does explicitly say they *"may treat this refund as a payment to your account"*. The only time NewDay would credit money into Mrs M's bank account upon request is if her account balance was in credit. As they confirmed this in their final response letter *"We can send a credit balance to a customer's bank account only when an account is in credit."*

Page three of the credit agreement says *"You must not pay into the account more than you owe us."* So here, I'm satisfied it would be proportionate for them to refund any credit balance into Mrs M's bank account upon request. Although she may pay her statement balance off in full each month, this does not mean that she may not have an account balance at any time prior to her next statement. So I can't say that NewDay have acted outside of the credit agreement by not initially agreeing to pay the refunded money into Mrs M's bank account initially.

I've considered what Mrs M has said about her spending over an hour on the phone to NewDay. I've listened to this call. There would always be an element of time being spent to try and obtain a refund and raising a complaint. And she also asked to speak to a manager, which may take time for one to be available and for her to be transferred to one. And Mrs M kept raising the same point several times which prolonged the call, although the manager had informed her of the process and that that this was covered in the credit agreement.

When the call handler was raising the complaint he informed Mrs M *"so I'm going to put down that you're looking for some sort of compensation, is there anything else that you're looking for as an outcome apart from that?"*. There was no objection to the mention of

compensation and Mrs M raised the point also about their policy regarding refunds and the unfairness of it. So while Mrs M may not have agreed to the £20 being added to the account, it would have no bearing on her ability to bring her complaint to our service.

But I am persuaded that NewDay did let Mrs M down by not processing the third refund. While Mrs M said she did not want to ring them back up due to the stress the call caused her, NewDay could have processed this for her based on what the manager told her. They also let her down by not sending her the credit agreement highlighting what I've mentioned above. While Mrs M wanted them to highlight specific wording which was not in the credit agreement, she did ask for the credit agreement to be sent to them. Although Mrs M was looking at a copy of the credit agreement while she was on the phone to NewDay, they could have at least told her what page number this information was on in their response to her.

NewDay have paid Mrs M £20 compensation. I'm persuaded this was fair. I say this as I would have also broadly awarded her similar compensation if NewDay had not done so, as I'm persuaded it recognises she was inconvenienced by NewDay's actions. While I'm not persuaded the call time was unreasonable based on the reasons I've already given, NewDay could have explained to Mrs M that the wording she was looking for was on page 14 of the credit agreement as part of their response when she had asked for them to send her a highlighted credit agreement. And they could have processed the third refund based on the conversation she had with the manager.

Mrs M was told on the phone NewDay's policy as regards to refunds. And as a gesture of goodwill they paid two refunds back to her bank account. So I'm satisfied they went over and above what the credit agreement stated here in making these two refunds. So it follows I don't require NewDay to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 9 February 2023.

Gregory Sloanes
Ombudsman