

The complaint

Miss B complains that NewDay Ltd did not refund her purchase of an airline ticket.

What happened

In December 2021 Miss B bought a return flight and paid for it with her NewDay credit card. A few days later, on the day of the outbound flight, she was too unwell to travel and had to cancel. The airline gave her a voucher, which she used to purchase a new flight. But on the day she was due to fly out, she was still too ill to fly, and so she cancelled that flight too.

During a phone call, the airline offered Miss B another voucher. But she was concerned that the value of that voucher might not be enough to cover the full cost of another flight. She asked the airline if she would be refunded the difference between the prices, but the call handler abruptly ended the call. Miss B persisted in calling the airline but got nowhere, and so she contacted NewDay and asked it for a refund instead.

NewDay raised a dispute under the chargeback scheme, and meanwhile it credited the cost of the original ticket to Miss B's account. But the airline said that under the terms and conditions relating to the voucher, it was non-refundable. So the chargeback was unsuccessful, and NewDay re-debited the disputed amount. (This took Miss B's account balance over her credit limit. But NewDay later refunded the resulting interest and charges to her account, as a gesture of good will.)

NewDay then dealt with Miss B's case under section 75 of the Consumer Credit Act 1974 (which makes NewDay liable for any breach of contract by the airline arising out of a transaction financed with credit provided by NewDay). But NewDay concluded that the airline had not breached its contract with Miss B.

Miss B next brought this complaint to our service. But our investigator thought that NewDay had done all it could do under the chargeback scheme process. And he agreed that the airline had not breached its contract with her. So he did not uphold her complaint.

Miss B asked for an ombudsman to review her case.

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 do not think that NewDay did anything wrong. I will explain why.

I must emphasise that in this decision I am not considering Miss B's allegations of poor customer service by the airline, such as its call handlers hanging up on her or being unhelpful. I am only able to consider what NewDay did. In the context of how it dealt with her claim for a refund under section 75, that does mean I have to consider whether the airline breached its contract with her. But apart from that, how the airline treated her is entirely a matter between it and her.

As I've said, NewDay raised a chargeback dispute for Miss B, but the airline successfully defended it. There was nothing more that NewDay could have done. It had to re-debit the money from Miss B's account. It didn't have to refund the interest and charges, but it did anyway.

Next, NewDay considered whether the airline had breached its contract with Miss B, since if it had, then NewDay would have been jointly liable to her for that. It would have refunded her (and could have then pursued the airline for the money). However, the airline provided it with evidence to show that the terms and conditions under which the voucher was issued said that the voucher was non-refundable. That voucher had been issued in the first place because it had been too late to refund Miss B for the original flight. So I am not persuaded that there was a breach of contract. It follows that NewDay was not liable to Miss B under section 75.

I am therefore satisfied that NewDay did not have to refund Miss B's credit card purchase.

My final decision

So my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 15 June 2023.

Richard Wood
Ombudsman