

The complaint

Mr I complains about how NewDay Ltd trading as Amazon Card handled a chargeback request.

What happened

In November 2021, Mr I ordered a laptop from an online retailer. When the laptop arrived, Mr I says he noticed that it was faulty. He says he needed a laptop urgently, so he ordered another from the same retailer. To buy both laptops, Mr I used his credit card account with NewDay.

Once Mr I received the second laptop, he says he found it was also faulty. Mr I contacted the online retailer and NewDay, to try and return both laptops and get a refund for the amounts debited from his account.

NewDay were successful in their chargeback attempt for the first laptop and Mr I received a full refund. But, the chargeback for the second laptop wasn't successful. Because Mr I said he had returned both items, he complained to NewDay about how they'd handled his claim.

In a final response to the complaint, NewDay told Mr I that the retailer had defended the chargeback and said the second laptop hadn't been returned. Mr I disagreed and explained that he had already provided proof to show he had returned the second laptop.

NewDay sent a further final response to Mr I and said they couldn't reopen a chargeback claim that had already been decided. They also paid £15 to Mr I's account for the service he had received and offered to start a claim, under section 75 of the Consumer Credit Act 1974 ("section 75"). A third final response letter was sent from NewDay to Mr I a few weeks later, reiterating what they had told him.

Mr I received a refund directly from the retailer for the second laptop, around the time NewDay sent the third final response letter to him. But, because he was unhappy with how NewDay had treated his request for a refund, Mr I brought his complaint to us.

One of our investigators looked into Mr I's complaint and found that he hadn't brought it to us in time. He said Mr I had contacted us more than six months since NewDay had sent him their first final response letter. So, under our rules, we didn't have the power to consider things.

Mr I didn't agree and said NewDay had sent two further final response letters, which means the time to bring a complaint to us was extended. And because of that, he did contact us within the time limit of six months.

The investigator didn't change his conclusions and Mr I's case was passed to me to make a decision. After looking at the letters NewDay sent to Mr I, I decided that his complaint was brought to us in time. So, I went on to consider Mr I's case about how NewDay treated him when he requested a refund for the second laptop.

I sent Mr I and NewDay my provisional decision on this case, on 6 July 2023. I explained why I think the complaint should be upheld. A copy of my provisional findings is included below:

Raising a chargeback is a way that NewDay can try to recover money that was paid using Mr I's credit card. However, it is not guaranteed to succeed and is governed by particular scheme rules. I have considered the circumstances of this case alongside the requirements of the chargeback scheme. It isn't entirely clear what dispute reason code NewDay used here – but it seems likely it used a code relevant to goods/services being not as described or defective.

The chargeback for the first laptop was raised by NewDay on 30 November 2021 and Mr I received a refund back to his account a few days later. Mr I hasn't brought a concern to us about the chargeback claim for the first laptop, so I've not considered this any further.

However, I can see from NewDay's notes that Mr I raised a chargeback for the second laptop, also on 30 November 2021. Here, the notes go on to show that the supplier of the laptop had told them that Mr I hadn't returned the second laptop. By 22 January 2022, NewDay found that they didn't have enough evidence from Mr I to dispute what the supplier had said and so they declined Mr I's chargeback query.

Having thought carefully about the circumstances, I accept that NewDay didn't have enough information on 22 January 2022, to take Mr I's chargeback query to arbitration.

But, I can see from NewDay's notes, that Mr I got back in touch with them again five days later. This time, Mr I provided NewDay with a copy of an email conversation with the supplier dated 24 January 2022. Within the conversation, the supplier said:

"We have researched this matter and have confirmed that the dispute in question has been resolved between (the supplier is named) and your card issuer."

The email also says:

"Please contact your card issuer for more information about reimbursement for this purchase."

I think this email shows that the supplier had organised a refund directly with NewDay. So, given the information Mr I had sent to NewDay shortly after his chargeback query was declined, I think NewDay were in the position to look into things again. Consequently, I think NewDay had options to consider arbitration with the card scheme, or to raise a section 75 dispute.

Having considered all the evidence, I cannot see that NewDay looked to take forward either of those options. Instead, it was left for Mr I to further complain to NewDay and reiterate what the supplier had told him. It wasn't until 9 March 2022, where NewDay offered to begin a section 75 claim regarding the transaction for the second laptop.

I've looked at NewDay's notes for the section 75 claim and I can see that the supplier told them, on or around 21 March 2022, that they had issued a refund for the second laptop to Mr I's account. I can see from the statements for Mr I's credit card account that the refund for the second laptop was itemised on 18 March 2022.

NewDay have told us that in the end, they didn't need to obtain the refund using a section 75 claim, because it was resolved directly by the supplier. I think this is supported by the email, from the supplier, that Mr I had sent to NewDay, two months beforehand.

Overall, I think that because NewDay didn't further the chargeback, or a section 75 claim in January 2022, they deprived Mr I of a reasonable opportunity to get his money back sooner. I'm persuaded that NewDay caused a delay from 22 January 2022 until 18 March 2022. This means Mr I could have got the cost of the second laptop back some seven weeks sooner than he did.

Although Mr I has told us he was relieved to finally get a refund from the supplier, he's also explained he suffered from anxiety and worry during this time. Mr I has also spoken about the cost of the laptop and the impact of being without those funds. This is in addition to the impact of going back and forth to NewDay and the supplier.

While I acknowledge that NewDay have already paid £15 to Mr I, in all the circumstances I think NewDay should increase that award. So, I think it's fair for NewDay to pay Mr I an additional £100 for the distress and inconvenience he has experienced.

Both Mr I and NewDay responded to the provisional decision and accepted it.

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.

As Mr I and NewDay both accepted my findings, I see no reason to depart from the conclusions I reached in my provisional decision.

Putting things right

For these reasons, NewDay Ltd trading as Amazon Card should pay Mr I £100 for the distress and inconvenience he experienced.

My final decision

My final decision is that I uphold this complaint and require NewDay Ltd trading as Amazon Card to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 10 August 2023.

Sam Wedderburn
Ombudsman