

## **The complaint**

Mr M says NewDay Ltd, trading as BIP, incorrectly allowed gambling-related transactions to be made on his credit card account. He says NewDay's actions caused him avoidable financial loss.

## **What happened**

In February 2023, Mr M told NewDay he had a gambling addiction and was unhappy that related transactions had been made via his account. He contacted NewDay again around a month later and for a third time a week after that as he'd not received a response.

NewDay responded that it hadn't acted unreasonably in allowing the transactions as Mr M had authorised them and the merchants hadn't classed them as being for gambling. But it offered Mr M £45 as compensation for the poor level of service it had provided him with.

Unhappy with NewDay's response, Mr M referred his complaint to this service. After doing so, NewDay reviewed its position and increased its offer to £100 in total. One of our investigators ultimately considered that NewDay's revised offer was fair and that it didn't need to do anything else to put things right for Mr M.

Mr M didn't agree with the investigator's findings. He remained of the view that the transactions in question were gambling-related and so shouldn't have been processed, in line with the general ban that had come into force previously.

As the investigator was unable to resolve the complaint informally, it was passed to me to review afresh.

## **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 uphold this complaint in part. I'll explain why.

It's not in dispute that Mr M authorised the transactions in question to be made using his credit card account, and that NewDay didn't block them. The first of two key issues I've considered is whether NewDay acted fairly in allowing those transactions to take place.

Mr M raises the fact that gambling using credit cards has been banned in the UK for several years. Merchants, when providing gambling services, should use the merchant categorisation code (MCC) 7995 for relevant transactions – and its those transactions that are banned when using a credit card. But I gather the merchants Mr M used didn't use that MCC for the transactions in question. So, I don't see that NewDay had any cause for concern on those occasions.

It could be argued that the merchants Mr M used should have used different MCCs and, in particular, MCC 7995. But I believe that's an issue for the merchants and not NewDay – the

respondent business for the purposes of this complaint – as the provider of the credit card account.

Mr M says a third-party lender he approached previously classed these transactions as being gambling-related. He says it used them to reject his application for finance and that, as far as he's aware, he sees them as a form of gambling. I can't comment on the actions of the third-party or why it acted as it did, but I don't think it was unreasonable for NewDay to allow the transactions in the circumstances.

The second key issue I've considered is how NewDay dealt with Mr M's concerns and complaint.

I agree with NewDay that it didn't process the transactions incorrectly, and I also agree with it that it could have handled matters better than it did. For example, NewDay didn't respond to Mr M's initial complaint and he had to chase it for a reply. In addition, NewDay could have provided a fuller explanation as to why it didn't think it should have prevented the transactions.

I'm glad to see that NewDay's already acknowledged it could have done better and apologised to Mr M for the service it provided. While I don't think its initial offer of £45 as compensation was sufficient given the impact on Mr M, I'm satisfied that its revised offer of £100 in total's fair in the circumstances.

I realise this will come as a disappointment to Mr M as he'd like NewDay to refund all of the money he spent on the relevant transactions. But, for the reasons I've set out, I don't require NewDay to do that.

### **Putting things right**

NewDay should pay Mr M £100 in total as compensation for the distress and inconvenience it caused him, if it hasn't already done so.

### **My final decision**

For the reasons given, I uphold this complaint in part. I require NewDay Ltd, trading as BIP, to put things right for Mr M as explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 February 2024.

Nimish Patel  
**Ombudsman**