

The complaint

Mr L has complained that NewDay Ltd unfairly blocked his card, which meant two transactions were declined, causing him to lose 'points' he could have accrued.

What happened

On 10 September 2023, Mr L tried to use his NewDay card for a transaction of £4,385.83. This was flagged in NewDay's fraud prevention system, and a text alert was sent to him to ask if he recognised the transaction.

Mr L responded to this immediately, and NewDay has confirmed that this removed the flag from its system.

Mr L then tried to make the transaction for a second time, but it was again declined. He received no second notification, to which he could respond that it was genuine. It emerged his card had been blocked.

NewDay has explained that it usually sends consumers a text message, asking for verification that the transaction is genuine. And – it did so here. But it explained that if a second transaction is declined so soon after the first, its system isn't able to send a second text message.

The following day, when a further transaction was declined, Mr L called NewDay and the block was lifted.

Mr L is unhappy about what happened, and also explained that he lost out on the points he would've earned from the purchase.

One of our investigators looked into what had happened. She thought that NewDay had acted in line with the terms and conditions of the account, and thought its explanation for what had happened was reasonable.

As I disagreed, I issued a provisional decision explaining why, and gave both parties the opportunity to respond. In my provisional decision, I said as follows.

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 think NewDay needs to do more to put things right. I'll explain why.

NewDay quite rightly has a system in place, to protect its customers from potential fraud. And here, an alert was triggered, which prompted Mr L to confirm the transaction was genuine. This is what he did. But, NewDay has said that as the transaction was attempted again so soon afterwards, its system wasn't geared to send a further message, and Mr L's card was blocked.

Although this does explain what happened, I think it's unsatisfactory. The very purpose of sending a text message is to allow a customer to respond, so they can get on with what they're doing. Clearly, once Mr L had confirmed the transaction was genuine, he was almost certainly going to attempt it again. But NewDay's system isn't able to process this efficiently, causing issues for its customer.

While I can't tell NewDay to change its systems, I am able to ask it to compensate a particular consumer, where that person has been let down. And here, it seems NewDay has a 'glitch', of which it's aware. It caused Mr L inconvenience and frustration, and possibly loss of 'points' he could have earned. Overall, I think £100 compensation is fair to reflect this.

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 both parties accepted my provisional decision, I see no reason to depart from it. Therefore, my decision remains the same, and my provisional decision is to be read as forming part of this final decision.

Putting things right

To put things right, NewDay should pay Mr L £100 compensation. I would now ask Mr L kindly to provide our investigator with his bank details, so that she can pass these to NewDay, so it can make the payment in a timely manner.

My final decision

It's my final decision to uphold this complaint, and require NewDay Ltd to pay Mr L £100 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 1 November 2024.

Elsbeth Wood
Ombudsman