

The complaint

Mr H is unhappy that NewDay Ltd have refused to refund a transaction he says he didn't authorise.

What happened

Mr H contacted NewDay after reviewing his credit card statement and identifying a transaction of £180 on 8 November 2024 that he didn't recognise.

NewDay raised a chargeback and initially provided Mr H with a refund but this was reversed when NewDay concluded the transaction was authorised.

Mr H raised a complaint and his account was credited with £80 for service issues but Mr H remained unhappy as he sought a refund of £180.

Mr H told us that his card remained in his possession and nobody had access to either his card or PIN. Transactions before and after the payment of £180 were confirmed as genuine by Mr H who was at a loss as to how his card could be compromised in this way.

NewDay said the chargeback was raised on the basis the transaction took place without the card being present but NewDay later realised it was a card present transaction and so the chargeback wouldn't succeed. NewDay also explained that they concluded Mr H authorised the transaction because it was a card present transaction made using Mr H's genuine card and PIN. Given Mr H confirmed his card was in his possession and his PIN was entered correctly on the first attempt, NewDay said there was no evidence of fraud.

One of our Investigators looked into Mr H's complaint but didn't recommend it was upheld. In summary, the Investigator was persuaded that Mr H's genuine card and PIN had been used for the transaction and therefore Mr H must have had knowledge or consented to the transaction.

Mr H disagreed with the Investigator's view. Mr H expressed his disappointment with NewDay's handling of his dispute having previously had similar situations resolved quickly by another firm. Mr H explained that he couldn't have made the transaction on 8 November 2024 because he was visiting a friend in a different area of London that afternoon. In addition, Mr H shared that he'd experienced health issues which impacted his mobility and led to him rarely being up before 11am meaning he wouldn't be shopping in central London at 10.39am.

As an agreement couldn't be reached, the complaint was passed to me for a decision.

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.

I've seen evidence from NewDay's internal system which shows that the transaction was made using Mr H's genuine card being inserted into a payment terminal and Mr H's PIN being entered correctly. Based on this, I'm satisfied the transaction was authenticated using Mr H's card and PIN.

But the relevant legislation states that evidence of authentication alone is not sufficient to show the transaction was authorised. NewDay can only hold Mr H liable if he gave consent for the transaction.

Mr H has said he had no knowledge of the transaction and has provided reasons explaining why he couldn't, and wouldn't, have been present in a shop using his card and PIN on the morning of 8 November 2024. So, I've considered the likelihood of a third party being able to compromise Mr H's card and PIN in order to complete this transaction without his knowledge.

I've seen evidence from NewDay's system which states Mr H's genuine card and PIN were used which means a third party would either have needed to take and replace Mr H's card without him noticing. Given there were genuine transactions completed before and after the disputed transaction I find it incredibly unlikely that a third party would be able to remove Mr H's card from his possession – and replace it – in such a short window without Mr H being aware.

In addition the third party would still need Mr H's PIN. Mr H has told us he hadn't shared his pin with anyone or written it down anywhere so I struggle to see how a third party would have obtained it. It's also very unlikely a third party would have been able to guess Mr H's pin. I say this because there are thousands of possible combinations and therefore the likelihood of a third party guessing the correct combination at all – let alone on the first attempt – is slim. It's possible the pin may have been compromised by a third party 'shoulder surfing' when Mr H previously entered his pin but I've got no evidence this was the case – and the Mr H's card would still need to have been taken and replaced without his knowledge.

On balance, there's no plausible explanation as to how a third party would be able to compromise Mr H's card and PIN without Mr H's knowledge or consent and so I can't say there's evidence of fraud. I want to stress that my decision doesn't mean I think Mr H completed the transaction himself – just that I don't have the evidence to conclude the transaction was unauthorised and so can't reasonably say that NewDay have treated Mr H unfairly by holding him liable for the transaction.

NewDay credited Mr H's account with £80 to compensate him for the confusion around the chargeback and temporary credit. It seems NewDay raised a chargeback and issued a refund when, by their own admission, the conditions for the chargeback hadn't been met because it was a card present transaction and NewDay had attempted to raise a dispute relating to card not-present transactions. I appreciate this doesn't appear to be the crux of Mr H's complaint, I've commented on it briefly here for completeness.

I can understand how being given a refund and then having it reversed in quick succession would cause confusion and think £80 is fair compensation in the circumstances. It's clear that Mr H feels very strongly about his complaint and feels let down by NewDay's handling of it. I realise my decision will be disappointing for him but I hope it explains why I've reached the outcome I have.

My final decision

My final decision is that I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 6 February 2026.

Freyja Dudley
Ombudsman