

The complaint

Mr E complains that NewDay Ltd collected his Direct Debit payment after he had made a manual payment.

What happened

Mr E holds a John Lewis Credit Card supplied by NewDay. On 28 June 2024 Mr E received an email advising him that he was nearing his credit limit and suggesting that he might want to make a payment to his account if he was planning to make further purchases.

In response to the email Mr E says he applied for a credit limit increase, which was declined. He then made a payment of £3891.54 on 30 June 2024 to clear the account balance.

On 2 July 2024 NewDay collected Mr E's Direct Debit payment of £3891.54.

Mr E contacted NewDay on 5 July 2024 to complain that his Direct debit had been taken when he'd already paid the account balance. NewDay said it would refund the payment to Mr E's bank account and that this would take 7 to 10 working days.

The payment was transferred to Mr E's bank account on 10 July 2024.

In its final response to Mr E's complaint, NewDay said it hadn't made an error. It explained that if a manual payment is made more than three working days before the payment due date, then the Direct Debit payment would be adjusted. It said that as it had received Mr E's manual payment on 30 June 2024, which was less than three working days before the payment due date, it had collected the Direct Debit payment on 2 July 2024.

Mr E remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. He said that the terms and conditions of the account required manual payments to be made at least three days prior to the payment due date for a Direct Debit payment not to be taken.

Mr E didn't agree so I've been asked to review the complaint.

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 know it will disappoint Mr E but I agree with the investigators opinion. I'll explain why.

Mr E has set up his account so that the balance is taken by Direct debit on the payment due date.

I can see that a monthly statement was issued on 17 June 2024 which advised Mr E that his Direct Debit payment for £3891.54 would be taken on 2 July 2024.

Mr E has explained that he made a manual payment of £3891.54 on 30 June 2024. He didn't think that two payments would be taken.

I appreciate that this has been a frustrating experience for Mr E. He's told this service that when the Direct Debit payment was taken this impacted on his finances and caused him inconvenience.

I've reviewed the terms and conditions of the account. Mr E agreed to these when he took out the account. The terms and conditions say that if a manual payment is made, a minimum of three days is required to stop the Direct Debit being taken, or for the Direct Debit amount to be amended.

In Mr E's case, the manual payment was made two days before the payment due date. The Direct Debit had already been requested and was in transit at this stage. This is because direct debits run on a three day BACS cycle and take at least three days to clear.

In the circumstances, I'm unable to say that NewDay made an error when it took the Direct Debit payment. The account was administered in line with the terms and conditions.

I can see that the Direct Debit payment was refunded at Mr E's request and the refund was in his bank account within the timescale given.

Based on what I've seen, I haven't found any evidence to suggest that NewDay made an error or treated Mr E unfairly. I won't be asking NewDay to do anything further.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 29 May 2025.

Emma Davy
Ombudsman