

The complaint

Mr O complains about the way in which NewDay Ltd trading as Aqua has handled his chargeback dispute and the impact its actions have had on his financial situation and credit file.

What happened

Mr O made four purchases using his Aqua credit card from a retailer who I'll call M. The transactions were made to purchase various household fixtures and furnishings. The details of the transactions were as follows:

Transaction number	Date of transaction	Amount	Items purchased
1	22 November 2024	£2,232	Two rugs, candle, dining chair
2	4 December 2024	£2,890	Fir trees, dining chair, candle
3	16 December 2024	£2,750	Vanity unit
4	2 January 2025	£840	Marble sink

On 8 January 2025, Mr O contacted Aqua to raise disputes about transactions 1, 2 and 3. On 9 January 2025, Mr O contacted Aqua to raise a dispute about transaction 4. For all four transactions, Mr O said he had not received the goods by the expected delivery date(s).

Aqua raised chargeback disputes for Mr O for all four transactions on 13 January 2025 and the next day, temporary credits were applied to Mr O's account for the transactions. The information available was further reviewed by Aqua on 31 January 2025 and it decided to decline the disputes, reversed the temporary credits applied to the account and placed Mr O's account on hold.

Mr O raised a complaint. He said he was not provided with an explanation as to why his disputes were not upheld and he was not informed of the credit reversal. This caused him to exceed his credit limit and affected his credit file. In addition, as his account was placed on hold additional charges were applied to his account which he was unable to view or pay. Mr O asked for an explanation of the dispute outcome, reinstatement of the credits and his account, correction of his credit report and compensation for distress caused.

Aqua defended its position and so the complaint was brought to our service. Our investigator considered the complaint and didn't find that Aqua had done anything wrong. He said Aqua made a decision concerning the chargeback based on the evidence available and this was reasonable in the circumstances. He went on to consider whether the claim would have

been successful if it had been considered under Section 75 of the Consumer Credit Act 1974 (Section 75) and said there was not enough evidence to support a breach of contract claim. Our investigator found that the terms of the account allowed Aqua to suspend the account as necessary, and the information provided to the credit reference agencies was accurate.

Mr O disagreed with this outcome and asked for the complaint to be reviewed by an Ombudsman. So, the complaint has now been passed to me to decide.

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 would like to start by saying that I have provided a brief summary of the events that occurred above. I intend no discourtesy by this and can assure both parties that I have taken all the information provided into consideration when reaching a decision on this complaint.

In this decision, I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point, it's not because I've failed to consider it, but because I don't think I need to comment in order to reach a fair and reasonable outcome. Our rules allow me to do this, and this reflects the nature of our service as a free and informal alternative to the courts.

Chargeback

Chargeback is a voluntary scheme under which settlement disputes are resolved between card issuers and merchants, under the relevant card scheme. A card issuer will review the claim against the possible reasons for a chargeback and look at whether it would be able to make a successful claim for the customer. Card issuers do not have to submit claims and usually will only do so, if it is likely to be successful. We don't expect them to raise a claim if there is little prospect of success.

Aqua raised chargeback disputes for the various transactions and later decided not to proceed with the disputes. Based on the evidence available, I am satisfied that the chargeback had low prospects of success. In these circumstances, it is reasonable for the card issuer to decline to proceed with the chargeback and Aqua exercised this right. I therefore do not find that Aqua treated Mr O unfairly with regard to his chargeback disputes.

Section 75

Section 75 allows – in certain circumstances - for a creditor (Aqua) to be jointly and severally liable for any claim by the debtor (Mr O) of breach of contract or misrepresentation made by a supplier of goods and/or services (M).

Aqua has not considered the claim under Section 75 but for completeness, I will add that Mr O has said the goods were not delivered which speaks to a claim for breach of contract under Section 75 rather than misrepresentation. The evidence supplied is not sufficient to establish a successful claim for breach of contract. So even if Aqua had considered the claim under Section 75, I do not find this would likely have been successful. It follows that I do not find that Aqua has treated Mr O unfairly with regard to Section 75.

Account on hold

Mr O is unhappy that his account was put on hold. The terms and conditions of his account say the following:

“We may refuse to authorise a transaction or reissue a replacement card, or we may cancel or suspend your use of the account or reduce your credit limit if not doing so would put us in breach of any legal requirements that apply to us or we reasonably:

- Believe that there is an increased risk that you may not be able to repay the amount you owe us (this could be because of the way you manage this account or other accounts you have with us, information we get from credit reference agencies or us finding that you are bankrupt or have made an arrangement with your creditors, or because you have not been making sufficient payments to your account and we reasonably believe that you may be in financial distress);*
- Suspect fraudulent or unauthorised use of the account;*
- Consider it necessary for the security of the account or card;*
- Suspect that you, and additional cardholder or third party has committed or is about to commit a crime or other abuse in connection with use of the card or the account;*
- Consider you have not been using your account regularly.”*

For various reasons which aim to protect both the customer and the finance provider itself, Aqua might decide to suspend the use of an account. These terms were agreed to at the time the credit card was taken out. In exercising this right, Aqua has acted in line with the account terms and so I don't find it has done anything wrong in deciding to limit Mr O's use of the account for a temporary period of time. I understand the account has been re-instated now.

Credit file

Mr O has shown us that in reversing the temporary credits applied to the account, his credit limit of £4,400 was exceeded. This has had a negative impact on his credit file. He has also said as his account was suspended, he was unable to view and rectify this matter.

When Mr O raised his chargeback disputes, Aqua sent him letters requesting evidence to support his claims. These letters said, *“any credits applied to your account could be reversed.”* So, I find that Mr O was made aware that the reversal of credit could occur at any time.

When suspending the account, Aqua left the account open for payments to be made in only, which Mr O could therefore have done as needed. Mr O was sent letters detailing the over-limit fees being applied to his account so he would have been aware that he was over his limit and could have taken action to mitigate the impact of this. Credit providers are required to report accurately to the credit reference agencies, so I do not find that Aqua has made an error in reporting that Mr O was over his limit to the credit reference agencies. Lastly, I can see that Mr O has been refunded the over-limit fees applied to his account, so I do not need to consider this matter any further.

I appreciate this might be disappointing for Mr O but for the reasons provided above, I do not find that Aqua has treated him unfairly.

My final decision

My final decision is that I do not uphold Mr O's complaint against NewDay Ltd trading as Aqua.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 2 October 2025.

Vanisha Patel
Ombudsman