

The complaint

Mr S complains that NewDay Ltd won't refund money he lost when he was the victim of a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything again here. In summary Mr S paid a company for a hair transplant. I will refer to the company as "H". He later raised a claim with NewDay to advise H wasn't legitimate and that it had scammed him. NewDay raised a chargeback claim, but H responded and provided evidence to show the service could be provided and that Mr S had failed to attend his appointment. As a result, NewDay held him liable for the transaction.

Mr S raised a complaint with NewDay. It didn't think it had done anything wrong so he brought his complaint to our service.

Our Investigator didn't uphold the complaint. She explained that this was a civil dispute between H and Mr S and not a scam. Our Investigator also didn't think the payment Mr S made was unusual and so he didn't feel NewDay should have identified a scam risk.

Mr S's complaint has now been passed to me for review and 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'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I have not mentioned, it isn't because I have ignored it. I haven't. I'm satisfied that I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I'm sorry to hear of what's happened to Mr S, and I understand why he feels the money should be refunded. However, I don't find that NewDay has acted unfairly in declining Mr S's claim and deciding not to refund the money. I'll explain why.

Whether someone has been scammed, or the matter is a civil dispute can be finely balanced. In this instance Mr S knowingly made the payments, so it's an authorised push payment (APP). But for me to be satisfied someone has been the victim of an APP scam, I need evidence to show the customer has been dishonestly deceived about the purpose of the payments at the time they were made.

However, I don't have sufficient evidence to show Mr S was dishonestly deceived at the time. The documents supplied by H make it clear that Mr S entered into a contract where he

had 14 days to cancel his treatment which he doesn't seem to have done. He discussed his treatment in a video call and visited H's clinic.

The information I found online about H also doesn't seem to suggest it's a scam company. NewDay advised that after raising his fraud claim he tried to cancel it as he changed his mind about H being a scam company. In the circumstances it seems that Mr S remains unhappy with H, but I can't reasonably conclude that he has fallen victim to a scam. But, I don't think this makes a difference to the outcome of Mr S's complaint because, like the Investigator, I don't think NewDay ought reasonably to have identified the payment as suspicious or out of character, such that it ought to have intervened. So, I'm going to proceed on the basis that Mr S did suffer a loss to the scam he's described.

There are some situations in which a firm should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly out of character.

I've reviewed Mr S's account statements, and I can't conclude that the payment made would have looked particularly unusual or suspicious to NewDay. I appreciate that the payment lost may have represented a lot of money to Mr S, but it simply was not of a value where I'd usually expect NewDay to be concerned that Mr S was at a heightened risk of financial harm.

Mr S made one payment to H, rather than multiple large payments which can sometimes indicate a scam is unfolding. So, in the circumstances, it would have been difficult for NewDay to identify that he was at risk of losing his funds.

I've kept in mind that firms such as NewDay process high volumes of transactions each day. There is a balance for NewDay to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate. And taking all the circumstances into account here, I don't think it was unreasonable for NewDay not to view the payment as suspicious, such that it should have carried out any additional checks or given an additional warning before processing the payment. So, I've not found that NewDay ought to have done any more to prevent the payment Mr S made.

NewDay listened to a call Mr S had with one of its agents and thought it could have been handled better. It offered £50 compensation, and having listened to the call I think the offer was fair in the circumstances of this complaint.

NewDay did attempt to recover Mr S's payments through the chargeback scheme. The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. NewDay is bound by the card scheme provider's chargeback rules. It is not a guaranteed way of getting a refund and there are limited grounds on which a chargeback can succeed or be deemed a 'valid claim'.

Our role in such cases is not to second-guess the card scheme rules, but to determine whether the regulated card issuer, so here NewDay, acted fairly and reasonably when presenting a chargeback on behalf of its customer.

H sent information to explain it was a legitimate merchant and that it intended to provide the transplant, but Mr S didn't attend his appointment. Based on the evidence provided I'm satisfied that NewDay's decision to defend the chargeback wasn't unfair in the circumstances of the complaint. NewDay acted reasonably, and as I would expect, by raising the chargeback but, ultimately, it was successfully defended.

I'm sorry to disappoint Mr S further but it would only be fair for me to ask NewDay to refund the payment if I thought it had been lost as the result of a scam and that NewDay was responsible for it. As I'm not persuaded that this was the case, I don't think NewDay needs to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 4 March 2026.

Aleya Khanom
Ombudsman