

The complaint

Miss I is unhappy that NewDay Ltd failed to follow an agreed enhanced security process on occasions when they contacted her.

What happened

The complaint circumstances are well known to both parties, so I don't intend to list this chronologically and in detail. However, to summarise Miss I had a credit card account supplied by NewDay. She had been the victim of fraud and, following this, NewDay agreed to an enhanced level of security – they would ask Miss I for an additional password as part of their standard identification and authentication ('ID&A') process.

NewDay failed to follow this enhanced security process on a number of occasions. This complaint is about this failure on 5 November 2024, 9 December 2024, 6 January 2025, 20 May 2025, and twice on 21 May 2025. NewDay had agreed to pay Miss I a total of £155 for their failures including those in November and December 2024. Unhappy with this, Miss I brought her complaint to the Financial Ombudsman Service for investigation.

Our investigator agreed that NewDay had failed to follow this enhanced process and said they should pay Miss I an additional £145 compensation, taking the total payment to £300.

NewDay didn't agree with the investigator's opinion. While they didn't disagree that they had failed to ask Miss I for her password on occasions, they thought their standard ID&A process was robust, and the failure to ask Miss I for her password didn't put her data or account at risk. They also didn't think it was reasonable they should be expected to pay compensation on each and every occasion when they fail to ask for a password in future – as this is outside of their standard ID&A process, it occasionally gets missed in error.

As NewDay didn't agree, this matter has 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

The basic facts of this case aren't in dispute. Miss I had previously been the victim of fraud and had asked that NewDay also ask her for a password in addition to their standard ID&A process. This is something that NewDay's process allowed for, and it gave Miss I piece of mind that (a) she was speaking to NewDay, and (b) that an unknown third-party couldn't contact NewDay, pretending to be Miss I, and access her account. It's also not disputed that, on occasions, NewDay have failed to ask Miss I for the additional password.

Given this, I've gone on to consider what I think NewDay should do to put things right.

Putting things right

In their complaint response letter of 22 January 2025, NewDay acknowledged their failure to ask for Miss I's password in the calls of 9 December 2024 and 6 January 2025. As compensation for this, they credited her account with £65. This was in addition to £90 they'd previously paid Miss I for an earlier infraction.

Despite this, NewDay have failed to continue to ask Miss I for her password on occasions. While I appreciate NewDay's comments that this is human error, and the failure to ask for a password doesn't put Miss I at risk; they've also confirmed that asking enhanced security checks when requested by a customer is part of their process. As such, regardless of the risk factors involved, NewDay are failing to follow their process in this regard.

This failure is causing Miss I concern - if NewDay are not asking her for the password, then she can't be certain that, if someone called them pretending to be her, NewDay would ask them for the password. So, while Miss I's data and account hasn't been put at risk when NewDay were speaking to her, the possibility remains (however small) that Miss I's data and account may be put at risk if someone calls them pretending to be her.

As this is a valid concern, I think NewDay should further compensate Miss I for their continued failure to always ask all the security questions required when speaking to anyone claiming to be Miss I. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

I note our investigator recommended NewDay pay Miss I an additional £145, to recognise the distress and inconvenience she's been caused. And having considered this recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward. So, this is a payment I'm directing NewDay to make

Notwithstanding this, I also appreciate NewDay's concerns that any further instances of their failure to follow their process and ask for Miss I's password could result in the requirement to pay further compensation. It would be easy for me to say that NewDay should follow their process and there should be no instances where they fail to ask for the password. But I appreciate the human element, and that the password is an addition to the ID&A process, so could be missed in the future. So, if NewDay believe they can't always adhere to this process, I would urge them to speak to Miss I to see if something can be done that satisfies the needs of both parties.

Therefore, NewDay should pay Miss I an additional £145 to compensate her for the worry and inconvenience caused by not being asked for her password. NewDay must pay this compensation within 28 days of the date on which we tell them Miss I accepts my final decision. If they pay later than this date, NewDay must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment.

If HM Revenue & Customs requires NewDay to take off tax from this interest, NewDay must give Miss I a certificate showing how much tax they've taken off if she asks for one.

My final decision

For the reasons explained, I uphold Miss I's complaint about NewDay Ltd. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss I to accept or reject my decision before 19 November 2025.

Andrew Burford
Ombudsman