

The complaint

Mr P complains that NewDay Ltd (NewDay) has treated him unfairly in relation to its obligations with regard to payments made using his credit card, and the handling of his account.

What happened

Mr P made a number of transactions using his credit card in September and October 2024 as follows:

Date of transaction	Amount paid in GBP	Merchant	C says he purchased	Merchant says he purchased
21/09/2024	£15.05	A	Recruitment software	Currency (wallet top-up)
29/09/2024	£25.11	A	Recruitment software	Currency (wallet top-up)
01/10/2024	£500.52	B	Recruitment software	eBooks
01/10/2024	£500.52	B	Recruitment software	eBooks
01/10/2024	£55.07	B	Recruitment software	eBooks
03/10/2024	£501.71	B	Recruitment software	eBooks
03/10/2024	£501.71	B	Recruitment software	eBooks
03/10/2024	£401.37	B	Recruitment software	eBooks
04/10/2024	£251.33	B	Recruitment software	eBooks
04/10/2024	£251.33	B	Recruitment software	eBooks
04/10/2024	£25.12	B	Recruitment software	eBooks

04/10/2024	£251.33	A	Recruitment software	Currency (wallet top-up)
05/10/2024	£160.79	B	Recruitment software	eBooks

For all of the transactions, Mr P raised a payment dispute with NewDay on the same day that he made the purchases. Mr P said he did not receive the recruitment software that he had ordered. He further said he was placing all orders for the software through the same merchant (B) however the transactions were appearing on his account as having been made to different merchants (including A). Mr P therefore suspected fraudulent activity.

NewDay temporarily reversed the transactions on Mr P's account and raised chargeback disputes for all of the transactions listed above. For each transaction, the relevant merchant submitted a defence indicating the purchased goods had been received. NewDay decided not to proceed any further with the disputes and on 13 December 2024 re-applied the charges for all the transactions to Mr P's account. NewDay also restricted Mr P's access to his account on this date whilst it investigated concerns about the volume and value of the disputed transactions.

Mr P contacted NewDay on 23 January 2025 to discuss his account access and on review, the account restrictions were lifted. Mr P raised complaints about the outcome of his disputed transactions, the impact on his credit file as the re-application of the transaction amounts on his account had caused him to exceed his credit limit, and the freezing of his account pending investigation.

For the most part, NewDay found it had treated Mr P fairly. It did refund some over-limit fees and account interest as a gesture of goodwill and apologised for taking more than 28 days to review Mr P's account after it had been frozen pending investigation. Unhappy with this, Mr P brought his complaint to our service. He made clear he wanted his transactions to be considered under Section 75 of the Consumer Credit Act 1974 (Section 75). In its file, NewDay told us it would be willing to offer Mr P £150 for failing to send him letters informing him the balance would be re-applied to his account following the decision not to pursue the chargeback disputes any further in December 2024.

Our investigator said he didn't think this service can consider Mr P's complaints about the chargeback and Section 75 claims as Mr P is not an eligible complainant. He said he could consider the credit file impact and account restriction issues, but he didn't find Mr P had been treated unfairly by NewDay. He said the £150 offered by NewDay for service issues was reasonable.

Mr P has asked for an Ombudsman to review his complaint, so it 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.

Disputed transactions (chargeback and Section 75)

For any complaint that is brought to us, the first step is to consider whether we have the power to look at it. Having reviewed all the information available, I don't find this is a matter we can consider. I know this will be disappointing for Mr P, so I've explained why in more detail below.

We're not able to consider every complaint that's brought to us. The Financial Conduct Authority (FCA), the regulator, sets out the rules specifying which complaints we can and cannot consider. The rules are set out in the Dispute Resolution (DISP) rules in the FCA's handbook.

DISP 2.7 says that a complaint may only be dealt with under the Financial Ombudsman Service if it is brought by or on behalf of an eligible complainant.

DISP 2.7.3 defines an eligible complainant as a consumer, micro-enterprise, a charity, a trust, a small business or a guarantor. So, we need to think about whether Mr P has brought his complaint to us in one of the capacities listed under DISP 2.7.3. I think it is clear based on the background of this complaint that Mr P has not brought his complaint to us in his capacity as a charity, a trust or a guarantor. The question is whether he has brought it in his capacity as a consumer, micro-enterprise or small business.

I will start by looking at whether Mr P can be classified as a consumer. Within the rules, a consumer is defined as "*any natural person acting for purposes outside his trade, business or profession.*"

Mr P used his personal credit card to make the purchases. We do not have the invoices of the purchases however it is likely that these were in Mr P's name too. When asked about these transactions, Mr P confirmed to NewDay that he does "*a lot of recruitment from abroad*". He described buying recruitment software, lifting job adverts online and paying for job adverts to be listed. He also said it was for his own job personally. Having considered this and the nature of the purchases, I find that Mr P was acting for purposes of his trade, business or profession when he made these purchases. This means he does not qualify as a consumer under the DISP rules and is not able to bring his complaint to us in this capacity.

I've then gone on to consider whether Mr P meets the definition of a micro-enterprise or small business. Mr P has told us that he had no employees and no annual turnover at the time. He has gone to some length to explain that his purchases were exploratory, and he was not trading. The DISP rules define an enterprise as "*any person engaged in an economic activity*". Based on the information available I find Mr P cannot be said to have been engaging in economic activity. As such, he does not qualify as a micro-enterprise or small business for the purposes of the DISP rules.

This means that Mr P does not fall into any of the categories required under DISP 2.7.3 to be categorised as an eligible complainant and we cannot consider this complaint as a result. Mr P expressed his dissatisfaction with this finding when the investigator explained it and said he was an individual using his personal credit card. The telephone call with NewDay clearly outlines that the purchases were made in relation to his job and the intent behind the purchases does not appear to be for personal but for business use, so I don't agree with Mr P on this matter.

Mr P has also mentioned *Bluefin Insurance Services Ltd, R (On the Application Of) v Financial Ombudsman Service Ltd [2014]* in support of his stance. It is this very case which outlines the importance for us to consider the underlying activity when determining whether a complainant meets the definition of a consumer as per the DISP rules and in this case, I find it not to have been met.

I appreciate this will be disappointing for Mr P however having considered all the available information I find he is unable to bring his complaint about the disputed transactions to our service under the DISP rules.

Credit file impact

Mr P complains that NewDay re-applied the balance of all 13 transactions listed above back to his account on 13 December 2024, thus taking him over his credit limit. He says this has negatively impacted his credit rating. As this matter stems from that which I have said we can not consider above, I am not persuaded we can look at it.

However, I am not minded to spend too much time dissecting whether it is appropriate for us to consider this particular complaint point. I say this because even if I were persuaded we could consider it, I find it unlikely I would find that NewDay had treated Mr P unfairly. The investigator has outlined the wording NewDay used when reversing the transactions and this made clear that if the merchant were to provide evidence showing the transactions to be valid the credits to the account could be reversed. Mr P would have therefore been aware this was a possibility and permanent reversal of the credits were not guaranteed.

I note that in its submissions to us, NewDay said it did not send Mr P letters stating that the credit reversals would take place within 1 working day as it usually does. For this error, it has offered £150. I have no objection to NewDay making this offer to its customer for errors in service.

Account access

Lastly, Mr P complains that his account was frozen, and he had no access to it when the credits from the disputed transactions were reversed. Again, it appears this action stemmed from the disputed transactions I've said we cannot look at so a question mark appears over whether we can consider this matter. For this complaint point, there is less risk in commenting on it as I note Mr P has raised many more disputed transactions than the 13 outlined in this decision and its likely the history of the account was more of a factor in the decision to freeze this account rather than the transactions that were disputed in September/October 2024 alone.

But again, the investigator has explained that the terms and conditions of the account allow for the suspension of an account when considered necessary for the security of the account or the card. It took around a month for NewDay to review the account and lift the restrictions and all matters considered, I find this to be reasonable. I therefore do not find that NewDay has treated Mr P unfairly in this matter.

My final decision

My final decision is that I partly uphold this complaint and direct NewDay Ltd to pay Mr P £150 for distress and inconvenience caused.

The acceptance of this decision does not preclude Mr P from pursuing those matters which we have said we can not consider through other means if he so wishes.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 13 November 2025.

Vanisha Patel
Ombudsman