

The complaint

Mrs B has complained that NewDay Ltd trading as John Lewis Partnership Card “NewDay” declined her claim for money back in relation to a booking made via a booking agent using her card.

What happened

All parties are familiar with the facts of this case so I’ll only set out a summary in this decision. On 29 April 2025, Mrs B’s credit card with NewDay was used to pay £463.95 for a hotel room which was booked using a booking agent I’ll refer to as T. Whilst Mrs B’s card was used to pay for the room, the booking appears to have been made by a third party who I may refer to as Mr B.

On 8 May 2025, Mrs B raised a dispute with NewDay saying that she had not received a refund from T. NewDay temporarily refunded this amount to Mrs B while it considered the dispute. Under the Mastercard chargeback scheme NewDay raised a chargeback claim against T but says it explained that if the dispute was defended by T it may reapply this amount. This chargeback was defended by T, explaining that it was a valid booking made on a non-refundable basis. So, this amount was re-applied to Mrs B’s account on 12 June 2025.

On 13 June 2025, Mr B received an email from T explaining that it would refund an amount back to him. This was provided to NewDay, but it continued to issue a final response that it hadn’t made any errors in relation to Mrs B’s dispute, that it had only one opportunity to raise a chargeback which it had done but that had been successfully defended. This was issued to Mrs B on 7 August 2025.

Unhappy Mrs B referred the matter to this service explaining that she wasn’t happy with the way NewDay had investigated the chargeback claim, and she felt she had a valid claim under section 75 of the Consumer Credit Act 1974 (section 75) against NewDay which it hadn’t considered.

Upon allocation to our investigator, NewDay explained that it hadn’t considered a section 75 claim because it says there had been a break in the “debtor – creditor – supplier” (DCS) agreement. Mrs B submitted further emails from T to Mr B in August and September 2025 confirming a refund was due to him but T says it would only consider those once he closed the dispute raised via the bank.

Our investigator didn’t recommend the complaint be upheld. They noted that NewDay had made no errors in the way it handled the chargeback claim and they didn’t think there was a valid DCS agreement in place to enable this service to direct NewDay to refund this amount under section 75.

At this time, NewDay added that the email from 13 June 2025 was addressed to a third party not its consumer (Mrs B), and there was nothing in that email to show that any refund due from T was in relation to the payment Mrs B had disputed. There was no reference number, no date of booking or any amounts T agreed to refund. It noted that on Mrs B’s account further payments were made to T on 9 June 2025 for £503.91 and £433.44 which were

refunded. So, this email alone wasn't sufficient for them to pursue the chargeback any further in relation to the payment made in April 2025.

Mrs B disagreed explaining the following:

- No service was ever supplied by T as no valid booking had been made.
- T had agreed that a refund was due in numerous emails both in August and September 2025 but was withholding the money unless Mrs B withdrew her dispute with NewDay. She felt that T was asking her to give up her statutory rights to get a refund she is entitled to, which she will not do.
- She felt there was a DCS agreement in place as her card was used to make the payment to the supplier. She didn't need to be a guest or end user to have the protections of section 75, otherwise a large number of payments people make for their family members would fall outside the protections of section 75. She felt the contracting party is determined solely by the party that made the payment.

Our investigator explained their view remained unchanged. So, as the complaint couldn't be resolved it has been passed to me to make 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.

Firstly, I'd like to reassure Mrs B that I have considered all her concerns carefully and looked at everything she has provided, but I will only be dealing with the most salient parts of this complaint in this decision as I'm required to decide matters quickly and with minimum formality. Our rules allow us to do this.

When consumers pay for goods/services using their credit card, they can claim either under the chargeback scheme or make a section 75 claim. Initially, I've considered if Mrs B could have obtained a refund via the chargeback process.

Chargeback

When considering a complaint about the chargeback process, I have to bear in mind that NewDay is only responsible for ensuring that Mrs B's claim for a refund is correctly processed and is not responsible for everything T did that Mrs B might be unhappy with.

A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant card scheme rules. It allows customers to ask for a transaction to be refunded in a number of situations, some common examples being where goods or services aren't provided or where a credit isn't processed in line with a merchant's refund policy. In this particular case, an appropriate reason might be that a refund due to Mrs B was not provided which is what I understand she had claimed.

The chargeback rules set out by the card scheme lay down strict conditions which must be satisfied for a chargeback claim to succeed – so customers aren't guaranteed to get a refund through the chargeback process. If a financial business thinks that a claim won't be successful, it doesn't have to raise a chargeback. But where there's a reasonable chance of success, I'd expect a financial business to raise a chargeback.

It's important to note that chargebacks are decided based on the card scheme's rules – in this case Mastercard – and not the relative merits of the cardholder/merchant dispute. So, it's not for NewDay – or me – to make a finding about the merits of Mrs B's dispute with T, or whether or not the chargeback rules are fair. NewDay's role is to consider if Mrs B has met the conditions required to enable it to raise a chargeback on her behalf.

In this case Mrs B raised a dispute that she hadn't received a refund due to her. On 8 May 2025, NewDay wrote to Mrs B in response to her dispute to explain that:

“you are required to provide evidence to support your claim”

And

“failure to provide evidence may invalidate your claim”.

NewDay did attempt the chargeback with T but T defended the attempt explaining that Mrs B had made a valid booking and it was made on a non-refundable basis, so no refund was due. At this time, in receipt of the defence, NewDay had to decide whether it had sufficient evidence available to dispute this further through to arbitration and whether Mrs B's claim had a reasonable prospect of success. While I appreciate Mrs B doesn't agree with T's stance regarding the non-refundable nature of the booking being relevant, at this time she hadn't provided any evidence to enable NewDay to dispute this defence submitted by T.

In cases of this nature, NewDay's role is to see if it has sufficient grounds to raise a chargeback dispute in line with Mastercard's rules (which it did), and then to consider if any defences submitted by T is in line with the rules. The merchant's defence was enough to mean the chargeback for that claim didn't succeed. The merchant's defence isn't for example noticeably poor or lacking in credibility which may have led to NewDay choosing to pursue this further through to arbitration. So, on 12 June 2025, it re-applied the disputed amounts to Mrs B's account.

As pointed out by NewDay, the email from T to Mr B on 13 June 2025, saying T would be refunding the costs of a booking didn't specify how much it would be refunding or include a reference number, or specify which booking it was in relation to. It could very well relate to the payments it refunded in June 2025 or other payments Mr B made unrelated to the payment made on Mrs B's card. This email was also received after NewDay had already concluded its investigation, but even if it had been sent earlier, given the lack of details in it, this wouldn't have been enough to enable NewDay to pursue the matter further in any event.

The chargeback scheme is a voluntary scheme run by Mastercard and only offers limited protection to consumers under specific circumstances. I can only uphold Mrs B's complaint about this if I felt NewDay made errors in the way it handled her claim for a refund, and if I felt those errors had caused Mrs B to lose out. But I don't think it did. So, I don't think Mrs B lost out as a result of anything NewDay might have done or not done.

I appreciate Mrs B has since submitted further emails from T to Mr B where T agrees Mr B is entitled to a refund. But again, this is addressed to Mr B (not Mrs B), doesn't specify the amounts to be refunded or mention the booking specifically made in April 2025. The reference number noted on the emails is different to the booking number T used in its defence to NewDay in relation to the April payment. So, it's still not clear that any refunds T has agreed to give Mr B, is in relation to the payment dispute that NewDay investigated under the chargeback scheme. In any event, I would re-iterate that much of this evidence has come to light after NewDay had already concluded its investigation – which I've found it made no errors in. And under the Mastercard scheme, businesses like NewDay can only dispute the payment *once*, which its already done. NewDay is unable to challenge the

fairness of the Mastercard rules or apply any discretion in relation to them. It must simply apply the rules as they are.

So, while I am sympathetic to the challenges faced by Mrs B, I don't think NewDay has acted incorrectly in the way it handled the chargeback dispute and so I cannot compel it to refund these amounts to Mrs B. I want to make it clear that I have made no findings in relation to the actions of T – I am unable to look at complaints about merchants directly so cannot comment on what it has done/not done. I can only look at whether NewDay has processed Mrs B's chargeback claim correctly and fairly and I've found that it has done so.

Section 75

It may be helpful to explain that I need to consider whether NewDay – as a provider of financial services – should have considered and offered any remedies in relation to Mrs B's claim under section 75. But it's important to note NewDay isn't the supplier. Section 75 is a statutory protection that enables Mrs B to make a 'like claim' against NewDay for breach of contract or misrepresentation by a supplier when goods or services were bought using a credit card.

But it's important to note that NewDay isn't T and isn't responsible for everything that might've gone wrong with the booking. NewDay is only liable to offer a remedy if Mrs B can establish with evidence that there has been a breach of contract or misrepresentation.

But before considering whether I can direct NewDay to offer a remedy to Mrs B for breach of contract or misrepresentation, in order to make a section 75 claim against NewDay, a number of requirements need to be met such as financial limits and a valid DCS agreement. Without these requirements being met, NewDay isn't liable to consider a claim under section 75 (which is why it says it didn't consider a claim).

Based on what I've seen, I don't think there is a valid DCS agreement here – so I don't think Mrs B is able to make a claim and I'll explain why.

does section 75 apply?

One of the key criteria which must be met is often known as the "debtor – creditor – supplier" agreement (DCS). In practical terms this means that in order for section 75 to apply, the person who has paid using their credit card account (the debtor) needs to have a contract with the company (the supplier) which they say is responsible for a breach of contract or misrepresentation.

So, as explained above, Mrs B can only make a claim when there is a direct relationship between the debtor (Mrs B), her creditor (NewDay) and the supplier (T). It is Mrs B who is considered to be the debtor in this instance as she holds the credit agreement with NewDay. Mr B is not liable to repay any debt to NewDay under this credit card agreement, so he is not a debtor under this credit agreement.

But in this case, like our investigator concluded, I consider that Mrs B does not have the required relationship with the supplier for a section 75 claim. I'll explain why.

All the evidence Mrs B has provided is of communications between Mr B and T – she has provided nothing to show she has a contract with T. While her card was used, and I've considered Mrs B's comments, this isn't sufficient to show she has contractual rights against T. In order to bring a "like claim" against NewDay, Mrs B must have a claim against T to begin with. But I don't think it's incorrect to conclude, based on the available evidence, that

its unlikely Mrs B is a party to the contract with the supplier. As she doesn't appear to have a claim against the supplier, she cannot have a "like claim" against NewDay.

Therefore, considering my reasoning above, I do not consider that the necessary 'debtor-creditor – supplier' agreement exists for a valid claim against NewDay under section 75. So, I am unable to safely conclude that NewDay acted unfairly by not considering a claim under section 75 based on the evidence submitted to it at the time it looked into the dispute. I appreciate this is a technical area of the law, and Mrs B is likely to be disappointed by this outcome. I'm sorry I haven't been able to assist her further in this instance.

Overall, I don't think NewDay acted incorrectly or unfairly in the way it investigated her chargeback claim. And I also don't think I could make a finding that it was unfair for NewDay to decide Mrs B hasn't met the requirements needed to raise a section 75 claim. So, I find no grounds to uphold this complaint.

I would re-iterate that I haven't considered any claims against T directly. I can see Mrs B has raised some concerns about T's behaviour in response to her dispute. As explained above, I cannot look at complaints directly against T so this isn't something I can help her with.

I should, however, point out that Mrs B doesn't have to accept this decision. She's also free to pursue the complaint by more formal means such as through the courts. This service doesn't provide legal advice, so if she chooses to pursue either NewDay or T directly, she'd need to get independent legal advice.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 22 April 2026.

Asma Begum
Ombudsman