

The complaint

Mrs R complains that NewDay Ltd is holding her liable for a transaction from her account which she says she didn't authorise.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

On 25 April 2025, Mrs R was trying to book accommodation online and found something suitable for £750. But when she was asked to enter her credit card details in the mobile app, the amount shown was £1,377, so she clicked 'decline'. A few minutes later, she received an emailing confirming the booking was confirmed.

NewDay said Mrs R could raise a dispute, but it couldn't treat the transaction as fraudulent because it was authorised using her card details, and the merchant was based in the USA, so in-app authentication wasn't required. It accepted her recent experience with NewDay had fallen short of its expectations and paid her £125 compensation to apologise for any trouble and upset caused. It also refunded £82.98 interest.

Mrs R wasn't satisfied and so she complained to this service. NewDay accepted she'd declined in-app authentication on 25 April 2025, but it said the merchant had sent a further request for the payment using the card details they had retained, bypassing strong consumer authentication.

Our investigator recommended that the complaint should be upheld. He accepted the first transaction would have been authorised, but he thought the second transaction was unauthorised because Mrs R removed consent when she declined the first transaction and wouldn't reasonably have expected the merchant to make a further application for funds.

NewDay has asked for the complaint to be reviewed by an Ombudsman arguing that there was no way for it to know the transactions were related, and that Mrs R had chosen not to raise a chargeback dispute.

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 conclusion as our investigator. And for largely the same reasons.

Authorisation

Authorisation has two limbs – authentication and consent. So, NewDay Ltd needs to show the transaction was authenticated as well as showing Mrs R consented to it.

Authentication

There's no dispute that the first transaction was authenticated using Mrs R's genuine card details and as NewDay has explained that the merchant sent a further request for the payment using the card details they had retained, I'm satisfied the second transaction was properly authenticated.

Consent

NewDay accepts that Mrs R declined the first transaction and I am satisfied that in doing so, she withdrew her consent. And in the absence of evidence to show that she gave further instructions for the second transaction, or authorised it in any other way, I don't consider New Day has shown that she consented to it. So, while I accept Mrs R chose not to raise a dispute, I agree the transaction was unauthorised and that NewDay should remove the charge from Mrs R's credit card.

My final decision

My final decision is that I uphold this complaint and direct NewDay Ltd to:

- Remove the charge of £1,337.31 from Mrs R's credit card.
- Remove any remaining associated charges, such as accumulated interest or fees.
- Reimburse any payments made towards this balance.
- pay 8% simple interest*, per year on any payments made towards this balance from the date of the payment made towards this balance to the date of reimbursement.

*If NewDay Ltd deducts tax in relation to the interest element of this award it should provide Mrs R with the appropriate tax deduction certificate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 20 April 2026.

Carolyn Bonnell
Ombudsman