

The complaint

Mrs M complained about the way NewDay Ltd trading as John Lewis Credit Card (NewDay) dealt with a dispute for a refund for a purchase she made using her credit card.

What happened

Mrs M bought a carpet cleaner for £80 and the cleaning solution for £22.99 using her NewDay credit card in March 2025 from a retailer I'll call L.

She used the carpet cleaner and solution around a few months later but complained to L that this caused the colour to run on the rug she attempted to clean.

L initially said it would refund her the carpet cleaner as a gesture of goodwill, but Mrs M said that it didn't refund her.

Mrs M raised a dispute with NewDay. Initially NewDay said that L had refunded her, but this was related to another transaction. It said it couldn't consider a claim under Section 75 of the Consumer Credit Act 1974 (Section 75) as the transaction didn't meet the financial limits as the individual costs of the carpet cleaner and solution was under £100.

In response to Mrs M's complaint NewDay apologised that it referred to the incorrect transaction. NewDay explained when Mrs M raised her dispute, more than 120 days had passed for the relevant timescales to raise a dispute and advised her to contact L. It said that it didn't agree it was liable under a Section 75 claim as the transaction didn't meet the financial limits. It paid Mrs M £25 for the customer service she received.

Mrs M referred her complaint to the Financial Ombudsman. Our investigator considered the complaint but didn't uphold it. She didn't think the individual cash price of the items met the financial limits required for a Section 75 claim and didn't think that a successful chargeback claim could be raised.

Mrs M disagreed and said that the purchases she made was a single transaction and the total of her transaction met the relevant financial limits for a Section 75 claim. She referred to a ruling by the House of Lords and stated that this confirmed that the relevant amount of the cash price of the goods is determined by the amount provided under the credit agreement and if the amount exceeds £100 then all relevant items bought under the single purchase agreement were covered if each item was less than £100.

As the matter remains unresolved it 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.

I want to acknowledge that I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I want to assure Mrs M and NewDay that I've reviewed everything on file. And if I don't comment on something, it's

not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

Chargeback

I understand NewDay declined to pursue a chargeback claim as it said that Mrs M received a refund, but this was an unrelated transaction. However, I can see the Investigator explained that it was too late to raise a chargeback under the rules. Neither party has disputed this, so I haven't gone into it in detail here. However, I think even if NewDay had pursued a chargeback for the correct transaction, it was too late to do this as the dispute had been raised outside of the time limits defined by the chargeback rules.

Section 75

Under Section 75, NewDay is jointly liable for any breaches of contract or misrepresentations made by the supplier of goods or services – which is L in this case. In order for there to be a valid claim under Section 75, there needed to be a debtor-creditor-supplier ('DCS') agreement in place and the transaction must relate to a single item to which the supplier has attached a cash price of more than £100 and £30,000.

Mrs M has referred to a ruling from the House of Lords. I appreciate Mrs M has made reference to this to explain that certain contracts may be considered a single item for the purposes of meeting the financial limits for a valid Section 75 claim. However, in this case like the investigator explained I don't think the purchases Mrs M made would be considered a single cash item as defined by Section 75.

Mrs M said that she was required to buy the cleaning solution to use in the carpet cleaner and the total of both items meet the financial limits. However, I think that each item could have been sold separately, could be bought separately and had individual costs attached to them. I appreciate the manufacturer recommends the use of the cleaning solution however I don't think it is a requirement to buy both items together or that they were bought as a bundle. Therefore, I think as each item cost less than £100, Section 75 doesn't apply. I don't think NewDay acted unfairly by declining to take liability for the claim Mrs M raised.

I appreciate that Mrs M feels very strongly about the matter and has taken a lot of time and effort to pursue her dispute. Based on the evidence available and NewDay's handling of the dispute based on its liabilities as the financial services provider, I don't find that I have grounds to direct it to refund Mrs M. I also think it did enough to resolve her complaint, and the compensation it paid Mrs M was fair, so I won't be asking it to take any further action.

Mrs M doesn't need to accept my decision. She might decide, after taking appropriate legal advice, to pursue the matter through other avenues such as through the courts.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 2 April 2026.

Amina Rashid
Ombudsman