

The complaint

Mrs C complains about the outcome of a claim she made to NewDay Ltd (“NewDay”) under Section 75 of the Consumer Credit Act 1974.

What happened

In February 2025, Mrs C’s husband, who is an additional cardholder on Mrs C’s credit card account she holds with NewDay, paid £942.49 to a company I’ll call ‘F’ for repairs to a bike.

Mrs C subsequently put in a claim to NewDay under Section 75 of the Consumer Credit Act 1974 (“s75”). She said her husband had sent the bike to F for repairs, F had contacted him by phone to authorise the repair of the bike and he heard the words ‘nine two’ and so reasonably understood the cost to be £92. Mrs C said when her husband collected the bike, F told him the repair cost was £922 which he hadn’t agreed to. He tried to dispute the charge, but F told him he wouldn’t be given the bike until they’d received full payment. And, as he had a return train booked, he had little choice but to pay under duress.

Mrs C told NewDay that F failed to clearly communicate the repair cost, and it would have been reasonable to have expected consent for such a cost to be obtained in writing or clearly stated to avoid confusion. Mrs C also said F failed to confirm that the manufacturer of the bike was willing to offer a 25% discount on a new bike instead of proceeding with the repair, and that F later claimed to have left her husband a voicemail about this, but he didn’t receive any message from them. And Mrs C told NewDay the bike was returned with a different frame colour without any prior notice or consent.

NewDay didn’t uphold Mrs C’s s75 claim. They said the required debtor-creditor-supplier (DCS) agreement wasn’t in place for her to make a claim because Mrs C’s husband was the contracting party with F, not Mrs C.

Mrs C didn’t agree and complained but NewDay didn’t uphold the complaint. So, Mrs C referred the complaint to us. Our investigator felt it likely the DCS agreement wasn’t in place and that NewDay didn’t act unreasonably in declining the s75 claim as a result. She also felt there wasn’t enough evidence to show that F breached the contract or misrepresented anything. Mrs C didn’t agree with our investigator’s view.

As the matter remains unresolved, Mrs C’s complaint was passed to me for a decision.

I issued my provisional decision on 16 March 2026, key extracts of which I include below.

‘What I need to consider is whether NewDay – as a provider of financial services – has acted fairly and reasonably in the way it handled Mrs C’s request for getting money back. It’s important to note that NewDay isn’t the supplier.

I’ve thought about the specific card protections that are available. In situations like this, NewDay can consider assessing a claim under s75 or raising a chargeback.

NewDay only considered whether Mrs C could bring a s75 claim. I’ll outline my thoughts on

this first.

S75 is a statutory protection that enables Mrs C to make a like claim against NewDay for breach of contract or misrepresentation by a supplier paid by credit card in respect of an agreement it had with her for the provision of goods or services. But there are certain conditions that need to be met for s75 to apply. The value of the transaction falls within the financial limits. But NewDay didn't think a DCS agreement was in place.

One of the conditions for a claim to be considered under s75 is that the borrower (debtor) needs to have used the credit to pay the same company which they have a like claim against for breach of contract or misrepresentation. In this case, Mrs C is the debtor as she holds the credit card agreement with NewDay and so she'd be the one who'd need to have a claim against the supplier for breach of contract or misrepresentation.

However, it was Mrs C's husband whose name appeared on F's invoice. And Mrs C has said her husband was the person who contacted F about carrying out repairs to the bike. I've not seen Mrs C's name featuring on any documentation from F or seen she was involved in the discussions with F about repairing the bike at any stage. I think this is because (other than Mrs C's account being used to make payment), she wasn't involved in the dealings with F.

Put simply, I don't think Mrs C had any contractual relationship with F in relation to which she could have a claim against them for breach of contract or misrepresentation. And because of that, she's not able to bring any claim against NewDay under s75 either. I therefore think NewDay didn't act unfairly or unreasonably in declining her claim.

NewDay didn't consider whether Mrs C had any chargeback rights in relation to the dispute with F. The DCS arrangement that I've referred to above isn't a requirement for a chargeback to be considered or raised. So, NewDay should have considered this as a potential avenue for Mrs C to reclaim the money spent on her card, once it had explained she wasn't able to raise a s75 claim.

A chargeback is a way of claiming a full or partial refund of a specific payment which has been made on a card. The rules governing chargebacks – such as the situations in which they can be attempted, the evidence required, and any relevant time limits – are set by the card scheme whose logo appears on the card. In Mrs C's case, that was Mastercard.

If a chargeback is successful, the money is taken back from the company or person who received it and put back in the payer's account. Chargeback can be challenged or defended by the company or person who originally received the payment, so they aren't always successful. While a consumer can't demand that their credit card provider attempts a chargeback, I would normally expect it to do so, as a matter of good practice, if this would be compliant with the card scheme rules and have a reasonable chance of succeeding.

I can't be certain what would have or likely would have happened had NewDay raised a chargeback., Mrs C had presented her case on the basis that F hadn't made it clear what the repair cost would be, hadn't explained that the manufacturer had made a reasonable offer of a discount on a new bike, and had changed the frame colour without warning or consent. However, I think it likely F would have challenged the chargeback by referring to the notes shown on the sales receipt and invoice which detail that:

- *they had left a voicemail to Mrs C's husband on 13 January 2025 about the discounted offer from the manufacturer because they didn't have the correct colour replacement frame.*
- *they had spoken to Mrs C's husband the next day who had approved for the work on the bike to go ahead.*
- *the note for that day set out the repair cost was £922.49.*

NewDay would have then had to decide whether F's defence was weak or invalid. But I can't say they would have felt that way bearing in mind what F's notes appeared to show. And, if this had gone to Mastercard for them to ultimately arbitrate on the dispute, I can't say it would have been more likely than not they would have found in Mrs C's favour bearing in mind the content of F's notes. There wasn't, for example, a call recording of the message that F claimed to have left Mrs C's husband or a call recording of when F claimed they spoke to him where the cost was explained and that he then authorised the repairs. It would also have been difficult for Mrs C to have shown to Mastercard that no voicemail was left.

I'm not saying that F's notes were accurate or clearly showed the chargeback ultimately wouldn't have been successful. But a chargeback doesn't give a customer legal rights and it wasn't for NewDay to have sought the evidence that might have shown whose version of events was more likely than not correct. NewDay would have had to weigh up the likelihood of the chargeback being successful with the evidence they had, and I don't think they would have had enough evidence to have thought that.

Of course, F may not have defended the chargeback at all. But I think it likely they would have rather than accept no payment for the repairs that were carried out.

Overall, and for the reasons I've set out above, I provisionally find that NewDay hasn't acted in such a way that likely prevented Mrs C from reclaiming some or all of the money paid on her card. So, I currently don't intend on upholding Mrs C's complaint'.

I asked both parties to send me any further evidence or comments they wanted me to consider. Neither party responded.

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.

As I've not received anything further to consider, I see no reason to depart from my provisional decision. So, for the reasons given in that decision, which I have included in the previous section above, I won't be upholding Mrs C's complaint.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 29 April 2026.

Daniel Picken
Ombudsman