

The complaint

Mrs V complains that NewDay Ltd won't refund the money she lost when she fell victim to an impersonation scam.

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.

Mrs V had just started a new job when she received an email from a scammer purporting to be a director of the company.

The email asked Mrs V to purchase £1,600 Retailer J gift vouchers for staff incentives and asked her to keep it confidential as it would be a surprise for diligent staff members.

Mrs V believed the request to be genuine and asked the director (the scammer) for his card details. He told her he was having difficulty with his bank card and asked her to pay with her card and then he would reimburse her.

Mrs V then attempted to purchase the vouchers through Company V using her NewDay card.

NewDay blocked her first payment attempt and after Mrs V evidenced – through text and a call – that it was her making the payment they released payment 1 and allowed her to make payments 2 to 4.

Mrs V gave the scammer the code for the first voucher but, before she gave him the other three codes, she received a call from Retailer J and their questions helped to unravel the scam.

The table below shows the four payments that Mrs V made from her NewDay account. Retailer J provided her with a refund for £1,200, so Mrs V's financial loss is payment 1 for £400:

Payment Number	Date	Payment Method	Payee	Amount	Refund received
1	12 March 2025	Card	Company V	£400	No
2	12 March 2025	Card	Company V	£400	Yes (Retailer J)
3	12 March 2025	Card	Company V	£400	Yes (Retailer J)
4	12 March 2025	Card	Company V	£400	Yes (Retailer J)

Mrs V contacted NewDay seeking a refund as she thinks they'd should've questioned her first payment similar to Retailer J and, had they done so, she then wouldn't have lost any money.

NewDay rejected Mrs V's claim, indicating that she should've noticed the email address wasn't that of her employer.

Mrs V brought her complaint to our service. Our investigator said she wouldn't have expected an intervention on payment 1. But as she found that Mrs V spoke to a NewDay agent before releasing that payment and said, '*if I go and order more gift cards again it won't get blocked will it*', she thought they should've questioned what she was doing and this would've likely led to the scam being unravelled.

However, NewDay disagree and when asking for an Ombudsman to make a final decision they said:

- Their '*associate followed the correct process by sending a OTP to confirm she was the card holder and by lifting the restrictions on the card to allow the transaction*'.
- '*Mrs V's confirmed that it was her making the transaction*'.
- Mrs V '*asked if she tried the purchase again would it be declined, the associate advised that it shouldn't as the restrictions had been removed, with no mention of making multiple transactions*'.
- '*We would not be expected to intervene on every payment made, as this would not be good business practice and may be classed as being excessive*'.

I issued a provisional decision on 26 March 2026 and this is what I said:

I've considered the relevant information about this complaint.

My provisional decision is different to the outcome of that reached by our investigator. So, I'd like to give both parties a further opportunity to respond.

The deadline for both parties to provide any further comments or evidence for me to consider is 9 April 2026. Unless the information changes my mind, my final decision is likely to be along the following lines.

If I don't hear from Mrs V, or if they tell me they accept my provisional decision, I may arrange for the complaint to be closed as resolved without a final decision.

What I've provisionally 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, my provisional decision is different our investigator's view and I'm not upholding this complaint. I'll explain why.

I should first say that:

- *I'm very sorry to hear that Mrs V has been the victim of this cruel impersonation scam.*
- *In making my findings, I must consider the evidence that is available to me and where evidence is incomplete, inconsistent or contradictory, I must reach my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available evidence and wider circumstances.*
- *I'm satisfied that the APP Scam Reimbursement Rules, introduced by the Payment Systems Regulator in October 2024, for customers who have fallen victim to an APP scam, don't apply here. This is because the payments were made by card and as such they are excluded.*
- *A chargeback on payment 1 wouldn't have been possible as the retailer provided*

the requested service and the code was then passed to the scammer.

- *The Payment Services Regulations 2017 (PSR) and FCA's Consumer Duty are relevant here.*

PSR

Under the PSR and in accordance with general banking terms and conditions, financial firms should execute an authorised payment instruction without undue delay. The starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment. There's no dispute that Mrs V made the payments here, so they are considered authorised.

However, in accordance with the law, regulations and good industry practice, a financial firm should be on the look-out for and protect its customers against the risk of fraud and scams so far as is reasonably possible. If it fails to act on information which ought reasonably to alert a prudent banker to potential fraud or financial crime, it might be liable for losses incurred by its customer as a result.

Financial firms do have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm, against the risk of unnecessarily inconveniencing or delaying legitimate transactions. So, I consider NewDay should fairly and reasonably:

- *Have been monitoring accounts and any payments made or received to counter various risks such as anti-money laundering and preventing fraud and scams.*
- *Have systems in place to look for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which financial firms are generally more familiar with than the average customer.*
- *In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.*

Consumer Duty

Also, from July 2023 NewDay had to comply with the Financial Conduct Authority's Consumer Duty which required financial services firms to act to deliver good outcomes for their customers. Whilst the Consumer Duty does not mean that customers will always be protected from bad outcomes, NewDay was required to act to avoid foreseeable harm by, for example, operating adequate systems to detect and prevent fraud.

I was pleased to see that Retailer J fortunately intervened, which stopped Mrs V giving out the codes, and they provided her with a refund for the three payments 2 to 4. So, her financial loss here is payment 1. Although I think subsequent payments 3 or 4 would've started to look unusual and potentially suspicious, prompting a NewDay intervention, I considered whether NewDay should've recognised a potential risk of financial harm before releasing payment 1.

I appreciate payment 1 is a high amount for Mrs V. However, I think it was a relatively low amount for a financial firm that:

- *Process thousands of payments each day.*
- *Have to strike a careful balance between fraud and scam detection and unnecessarily inconveniencing or delaying payments.*

- *Can see the payee is a legitimate company.*

Therefore, I wouldn't have expected payment 1 to have looked unusual and triggered an intervention. However, payment 1 did trigger a fraud alert with NewDay's system.

As NewDay hadn't made it clear what risk the second level of security was looking to mitigate, I asked them for clarification and they provided information, including codes, that confirmed the risk (identified by a system), related to the security of her account and not to the fraud concerns (which has different codes). So, importantly here, an agent seeing the codes would've only been looking to mitigate the above-mentioned security risk by establishing that it was Mrs V that was in possession of her mobile device and making the payment.

Having listened to the call recording which, in parts, is extremely difficult to make out what Mrs V is saying seemingly because she was wearing a headset and the agent didn't ask her to remove it or call back (perhaps because he could clearly hear her):

- *I'm satisfied that the agent met the objective of the call and mitigated the risk that was his objective.*
- *I'm satisfied that Mrs V was concerned her account would be blocked again and checked there wouldn't be a reoccurrence by mentioning she would be making more transactions and using the word 'order'.*
- *Although I don't know exactly what she said, I don't disbelieve Mrs V that when using the word 'order' she mentioned a 'gift card' or 'gift cards'.*

So, I then carefully considered if the NewDay agent made an error by not picking up on her comments and asked probing questions about why she was making more purchases, which I don't doubt would've caused Mrs V to check the authenticity of the supposed director and prevented her loss. I say this because this is what happened when Retailer J contacted her.

Even though fraud agents are trained to be suspicious and ask probing questions to detect scams, bearing in mind this was payment 1, the clear objective of the call and that it wouldn't be unusual for customers to buy more than one gift voucher on the same day, I'm not persuaded that Mrs V's comments about a further order or orders of gift cards should've been seen as concerning or suspicious and prompted a conversation or probing questions.

I would think very differently if:

- A. The system codes the agent would've seen were about suspected fraud, for example, where there is concerning intelligence over the payee or a suspicious payment pattern.*
- B. If this call occurred on payment 2, 3 or 4 where the agent would have information on several payments of £400.*
- C. If Mrs V gave information on the amounts she was purchasing which, acknowledging the call recording issue, I don't think she did.*

So, I'm really sorry to disappoint Mrs V but having considered the above and all the information on file, I don't think it would be fair or reasonable to say that NewDay's agent made an error here and that NewDay should therefore provide a refund.

My provisional decision

For the reasons mentioned above, my provisional decision is not to uphold this complaint against NewDay Ltd.

This is subject to any comments that either Mrs V or NewDay Ltd may wish to make.

These must be received by 9 April 2026.

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.

Further to my above provisional decision, neither party responded before the deadline.

On 10 April 2026, after a check to confirm she had received the provisional decision, Mrs V said:

- *'I have no new information to add other than the information I have previously provided'.*
- *'I still finds it difficult to understand how Retailer J and the Fraud Action line, were both aware of the scam but yet NewDay weren't. Had the information been shared, which I find it hard to believe that it hadn't been, then NewDay could have asked a few more questions and made me aware of it being a possible scam as the scammers were doing the rounds with this particular scam'.*

Regarding Mrs V's expectation – that NewDay should've asked a few more questions – this is covered in my provisional decision. In summary, whilst I fully understand her comment and I'm very sorry she lost this money:

- I wouldn't have expected payment 1 to have looked unusual to NewDay and triggered an intervention.
- I'm satisfied that the risk NewDay identified – that led to the intervention – was related to the security of her account rather than to any fraud concerns. So, NewDay would've only been looking to establish that it was Mrs V that was in possession of her mobile device and making the payment.
- I would think very differently if:
 - The system codes the agent would've seen were about suspected fraud, for example, where there is concerning intelligence over the payee or a suspicious payment pattern.
 - If this call occurred on payment 2, 3 or 4 where the agent would have information on several payments of £400.
 - If Mrs V gave information on the amounts she was purchasing which, acknowledging the call recording issue, I don't think she did.

So, as no further arguments or evidence have been produced in response to my provisional Decision, my view remains the same. I therefore adopt my provisional decision and reasons as my final decision.

My final decision

For the reasons mentioned above, my final decision is not to uphold this complaint against NewDay Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs V to accept or reject my decision before 11 May 2026.

Paul Douglas
Ombudsman