

Complaint

Ms G complains that NewDay Ltd won't refund three payments made using her credit card, which she says she didn't make or authorise.

Background

In April 2017, Ms G noticed a transaction on her credit card account which she didn't recognise. Looking over earlier statements, she realised there had been other payments to the same, overseas, business. The disputed transactions are:

08/01/2017	£115.44
16/02/2017	£120.74
18/03/2017	£121.53
Total	£357.71

NewDay submitted a chargeback claim and refunded Ms G's account. But the merchant's bank defended the chargeback. It said Ms G had agreed to the merchant's services and given it her card details online or over the phone. For this reason, NewDay re-applied the payments to her account.

Our adjudicator thought the complaint should be upheld. He didn't think NewDay had seen enough evidence to show that Ms G had signed up to any services with the merchant and that it should have escalated the chargeback claim to MasterCard's adjudication appeal process. It was now too late to do this, so our adjudicator thought NewDay should refund the payments, plus any additional interest and fees charged as a result.

NewDay didn't agree. It said, in summary, that the merchant had provided enough details to show that the transactions were completed using Ms G's customer details and card number and there was no explanation as to how the merchant would have had this information, except that Ms G provided it. It said it would not expect to receive any additional information from the merchant in response to a chargeback request.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The merchant says Ms G subscribed to its membership programme with monthly billing. It had details of her name, phone number, billing address and email address. It said she would have signed up either by phone or online for an initial trial membership. She then failed to cancel the subscription after the trial period, so she was charged on a monthly basis in line with the terms and conditions which she agreed to.

But Ms G says she doesn't recognise the merchant. It is an overseas business which seems to provide vitamins and supplements. She says she didn't order any of its products. And NewDay hasn't been able to provide any evidence to show Ms G made an online application – other than the merchant has her address and email. And I've not seen evidence that any products were delivered to Ms G.

I agree with our adjudicator that, without that evidence, NewDay can't be certain that Ms G authorised the transactions. And it should have investigated this, through the chargeback process, more thoroughly.

For that reason, I think it would be fair and reasonable for NewDay to credit Ms G's account with the disputed transactions and associated charges.

My final decision

My decision is that NewDay Ltd should:

1. Credit Ms G's account with the three disputed transactions and the associated non-sterling transaction fees.
2. Re-work Ms G's account to remove any interest or charges caused by the disputed transactions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 13 December 2019.

Elizabeth Dawes
Ombudsman