

complaint

Mr A complained about NewDay Ltd's (trading as Aqua Card Services) handling of a chargeback on a transaction made with his credit card.

background

Mr A bought an item in September 2016 for £59 from a retailer. He returned the item and bought a more expensive model. Mr A complained to the retailer that it hadn't refunded him the £59.

The shop's account is that Mr A's original item was a "special order" and it had been explained to him that they wouldn't refund the item once ordered. It did say it could try and sell it for Mr A and if successful would give him the proceeds. Mr A made a number of allegations about what he was told by the retailer so it later refused to sell the item on his behalf and he was asked to collect it.

Mr A complained to NewDay and raised a chargeback against the retailer. In the course of that process he completed a form in which he ticked to say the reason for the chargeback was *"I haven't received the items from the seller."* On that basis NewDay processed a chargeback request and the £59 was refunded to Mr A's credit card on 12 October 2016. In the letter to Mr A, NewDay did warn him that if the retailer responded to the chargeback request the payment could be placed back on his account.

The retailer responded to the chargeback and provided NewDay and the credit card provider with the version of events above – it didn't agree to the chargeback. This was sent to Mr A to review. He was, again, asked to complete a chargeback form where he again indicated he hadn't received the items from the seller. As a result the chargeback was cancelled and the £59 was put back on Mr A's card again on 3 January 2017. NewDay wrote to Mr A and explained that as a dispute had been raised by the retailer there was nothing more it could do. Mr A is unhappy with this and the failure of NewDay to refund the £59 to him so brought his complaint to this service.

One of our investigators looked into Mr A's complaint. He didn't uphold it and explained to Mr A that the chargeback scheme is provided and arbitrated by the card scheme and not NewDay. He also explained that this was a voluntary scheme which means that chargebacks don't have to be accepted and that the card scheme would look at what he and the retailer had said before deciding on whether to allow the chargeback or not.

He also explained that while there was a potential action against a credit card provider under s75 of the Consumer Credit Act 1974, as the transaction wasn't over £100 Mr A couldn't pursue this.

The investigator explained that NewDay had raised a chargeback but the retailer disputed the transaction and as a result the chargeback was denied by the card scheme. He didn't think NewDay could do much more than they've done with trying to put the chargeback through. And as Mr A didn't have a credit note or any evidence of a refund being due it was difficult for the chargeback to be progressed under the reason he requested.

Mr A disagreed. While he didn't challenge the basis of the investigator's conclusion, he thought NewDay should have explained things more clearly throughout in the various calls he had with it. He also said it wasn't explained to him how the chargeback scheme worked.

He also said it had taken too long to resolve and it wasn't fair that NewDay originally refunded the money and then changed its mind. Mr A asked for an ombudsman to consider his complaint.

my findings

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

In relation to the chargeback itself, there's little more I can add to what the investigator has already told Mr A. NewDay did all it could to process the chargeback. It did this in a timely manner and only once the retailer put forward its version of events was the matter in dispute. Once this happened there was nothing more NewDay could have done. It provided Mr A with a copy of what the retailer had said. But the decision to allow the chargeback or not wasn't NewDay's to make. So I don't uphold this element of Mr A's complaint. From all the evidence available it seems that the real issue in this complaint lies between Mr A and the retailer and not NewDay.

Mr A said that NewDay took too long and failed to explain things to him. From the evidence available I don't think NewDay acted unreasonably. It asked for information from Mr A almost immediately on him contacting it and it kept him informed as the chargeback request moved forward. In January it explained the chargeback had failed as a result of the position taken by the retailer. So while Mr A says it's taken seven months to deal with the issue, within three months of making his claim, he had the outcome that the chargeback hadn't been successful.

When Mr A complained to NewDay it provided its final response within the time required under the regulations. So again, I don't think it treated Mr A unfairly.

Mr A feels that he should have been told back in October that the chargeback process might not be successful and this would lead to the debit remaining on his account and he would still be liable for interest. And if he'd been told this he might have gone to the retailer directly and tried to come to a resolution.

I've considered his point, and I don't think this means NewDay has done anything wrong. Firstly, Mr A had already been in e-mail correspondence with the retailer and this suggested the retailer was already unprepared to refund the money. Secondly, it was the retailer who contested the chargeback. So I don't think, even if NewDay made it clearer to Mr A in October that his chargeback might be unsuccessful and what the chargeback process was, it has prejudiced Mr A in his dealings with the retailer. I note that in the letter they wrote to him in October it was highlighted that if the retailer provided more details the payment may go back on his account.

I also can see in January when the payment was debited back on his account, NewDay did inform Mr A that interest would be payable from the date he first disputed the charge. So I don't agree Mr A wasn't aware that this had taken place. And importantly, even if he'd decided not to raise a chargeback via NewDay, he would still have owed interest on the transaction if it wasn't paid off the card.

I appreciate the process has been extremely frustrating for Mr A, and that he's anxious to get his money returned from the retailer. But much of that frustration is the responsibility of the

retailer and not NewDay. Looking at all the circumstances, I don't think NewDay has acted unfairly and I won't be asking it to do anymore.

my final decision

For the reasons outlined above, I don't uphold Mr A's complaint.

Under the rules of our service, I'm required to ask Mr A to accept or reject my decision before 4 September 2017.

Benjamin Taylor
ombudsman