

complaint

Mr M complains that NewDay Ltd (NewDay) hasn't refunded money he spent on a product that turned out to be substantially different from what was promised. He says it wouldn't provide information to help him get the money back through another company either.

background

Mr M bought a business development product online from a seller I'll call C. To pay for it he used an "e-money" account he held with a third party company (P). To put money into his "e-money" account he used a credit card supplied by NewDay. The product cost about £1,400.

Mr M later told NewDay he didn't recognise the transaction when it showed on his card account statement. NewDay credited his account with the money whilst it investigated what had happened. It used the "chargeback" system to do that. That's a method by which money sent to a retailer (in this case company C) is temporarily returned to the buyer whilst an investigation into what happened takes place. That investigation might cover things such as whether the payment was fraudulent (that is the money was effectively stolen from Mr M), or if product bought was as described and/or of appropriate quality.

C provided evidence that showed Mr M had bought its product – and that he knew what it was, because he'd been in touch with its help desk about using it. NewDay shared that information with Mr M, and eventually re-debited the £1,400 from his card account.

Mr M then said he'd also tried to instigate a chargeback with P. He told NewDay that P wouldn't start the chargeback process because its records showed NewDay had credited his card account with the disputed amount. So he wanted NewDay to tell P the money had been re-debited. NewDay said it wouldn't do that for data protection reasons, and instead suggested Mr M send P his statement when it became available. NewDay also suggested Mr M complain about P if he thought that appropriate, as it (ie NewDay) hadn't done anything wrong.

Mr M complained, but NewDay said it hadn't done anything wrong. Unhappy he brought his complaint to us.

Our investigator looked at what both parties said. He thought it right that NewDay investigate the complaint from Mr M that he didn't recognise the transaction. He also agreed that, when company C responded as it did, it was also reasonable for NewDay to re-debit Mr M's account. He did think NewDay could have been more helpful in providing P with information and suggested it pay Mr M £75 for this lack of service.

NewDay agreed to this. Mr M remains unhappy and I've been asked to decide this 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. Having done so I've come to the same conclusion as our investigator did, for much the same reasons.

Our investigator talked to Mr M, and thought the crux of the problem was that Mr M doesn't think he got the product he thought he was buying, rather than that it was an unauthorised transaction.

But Mr M initially told NewDay he didn't recognise the transaction. I've seen a copy of the form he completed and that's the section he ticked. There was an option for him to say he was unhappy with the product, but he left that blank. I don't think NewDay did anything wrong when it treated the transaction as a potential fraud, because that's what Mr M said it might be. Nor do I think it was wrong for it to re-debit Mr M's account when it received a response from the seller that Mr M did know what he'd bought and it was a legitimate sale.

It might have been appropriate for NewDay to instigate a chargeback because Mr M wasn't happy with the quality of the product. That would potentially have been because he says he got a product that was significantly different from the description he saw during the buying process. Unfortunately Mr M can't show us (or NewDay) any evidence of what he believes he was promised when buying the package. So he can't show us he received something substantially different. Mr M says he had no direct contact with anyone before buying the product – he simply decided to buy the package based on what he saw online.

I've looked at the current advertising for the product, and it appears to me that what Mr M received is in line with this. Of course the advertising might have changed – but without any evidence that he was promised something else, I can't conclude NewDay would have been successful if it had used the chargeback process on this basis. So I don't think it's done anything that made things worse for Mr M.

I do think NewDay could have helped Mr M more when he asked it to confirm it had re-debited the £1,400 to his account. It didn't have to contact P directly, but it could have written to him to confirm what had happened. Mr M would then have been able to share that with P rather than waiting for a statement to be issued some time later. NewDay has acknowledged it could have done more, and I think the £75 suggested by our investigator is fair compensation for causing Mr M some inconvenience.

Mr M also asked for help with his credit card account, as he's suffering financial difficulties. We passed that on to NewDay. NewDay says it stopped interest for a period and will arrange a payment plan with Mr M if he provides a full income and expenditure breakdown. It says it's so far only got some of the information it needs, and if it doesn't receive the rest it might not be able to help Mr M. I think that's fair – if Mr M wants NewDay to help him, then he will need to provide the information it requests.

my final decision

My decision is that I uphold this complaint in part and ask NewDay to pay Mr M £75, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 January 2019.

Sue Peters
ombudsman