

complaint

Mr W is unhappy that NewDay Ltd has refused to provide him with a refund through Section 75 or via the chargeback scheme. He also complains that NewDay has negatively impacted his credit file.

background

In June 2018 Mr W purchased a car engine for £3400 using a credit card supplied by NewDay. The supplier agreed to source and fit the engine.

Mr W subsequently contacted NewDay to raise a dispute against the supplier. He said that the engine hadn't been fitted correctly and that the engine warning light was on. Mr W said he was awaiting an independent report. When he received the report Mr W contacted NewDay again. He said the report diagnosed an engine oil leak, battery issues and an engine misfire which would cost £2800 to repair. NewDay logged a chargeback claim. Mr W's account was credited with the funds in dispute and a dispute was raised with the merchant.

The merchant defended the claim. Mr W was told by NewDay that it would send on the merchant's response and any evidence in support. It's not clear whether the merchant's response was sent to Mr W, however, on 17 October 2018 Mr W noticed that £3400 had been debited to his account. He contacted NewDay and was advised that he'd been found liable for the chargeback claim because the transaction was made face to face and he'd had the opportunity to check the goods before payment.

Mr W was unhappy about this. He raised a Section 75 claim. NewDay rejected the claim on the basis that the invoice for the goods wasn't in his name, so the debtor-creditor-supplier (DCS) link was broken. Mr W wasn't happy with the way NewDay had dealt with either the Section 75 or the chargeback claim so he complained to this service.

Our investigator felt that in relation to the Section 75 claim, the contracting party was Mr W's brother, so the DCS link was broken. He didn't think NewDay had acted unfairly in declining the section 75 claim. In relation to the chargeback claim, the investigator had some concerns. He said the merchant's defence wasn't applicable to the circumstances of the transaction and he felt there were grounds on which NewDay could've re-presented the chargeback and that it might have succeeded. The investigator felt that New Day should've done more to support Mr W in the chargeback claim and said it should refund the price of the goods.

The investigator also felt that NewDay had unnecessarily recorded information relating to the chargeback claim on Mr W's credit file. He said NewDay should amend Mr W's credit file to show that the account was up to date and pay compensation.

NewDay accepted the investigator's view and has since refunded the purchase price of the goods and paid compensation of £150. However, it hasn't updated Mr W's credit report. Mr W says that the entries on his credit file are negatively impacting his credit score and therefore his ability to obtain credit. NewDay has said that the entries aren't negative. Because Mr W's credit file hasn't been updated I've been asked to make a final decision.

my findings

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

Because the original subject matter of this complaint has been resolved and payment made to Mr W, I'm only focussing on the issues relating to Mr W's credit file.

I've looked at the copies of Mr W's credit file which he's provided at different intervals during the investigation of this complaint. I can see that on the credit report dated January 2019, NewDay has registered an outstanding query. A query is usually registered by a lender when a consumer challenges the information registered against him or her. But in this case, Mr W has never challenged anything registered by NewDay on his credit file. Instead, he disputed the decision made by NewDay about his Section 75 and chargeback claims.

NewDay has said that the entry it registered when Mr W disputed the chargeback decision isn't adverse. However, I'm persuaded, having reviewed Mr W's credit reports, that his credit score was impacted by this entry. I don't think NewDay should have registered the query in any event. The purposes of a query marker is to ensure that missed or late payments aren't recorded whilst a dispute is ongoing. This doesn't apply to Mr W's circumstances.

I can see that NewDay eventually removed the query marker in response to the investigator's view. But it's apparent from looking at the credit file that in the course of doing so, NewDay has removed the history of payments and balances. This means that the correct information isn't being recorded, which is continuing to affect Mr W's credit score. NewDay should take steps to correct this.

my final decision

My final decision is that I uphold the complaint. NewDay Ltd must:

- Amend Mr W's credit file to ensure that the account is recorded as up to date
- Amend Mr W's credit file by re-instating the history of payments and balances
- Pay further compensation of £250

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 12 March 2020.

Emma Davy
ombudsman