

complaint

Mr H complains that NewDay Ltd has refused to refund a payment taken by a car hire company. He says he didn't authorise the payment on his House of Fraser Mastercard, which is issued and administered by NewDay.

background

Mr H has explained that he booked a holiday through an intermediary. The price of the holiday included flights, hotel and car hire. He made payment to the intermediary using a card - not his House of Fraser card.

Mr H says that he used the car on his holiday, but didn't drive on any motorways or toll roads. The only additional payment he had to make was for fuel. He was asked to leave a security deposit (by way of payment block) of €1,850 to cover any damage to the car, which he did using his House of Fraser card.

Shortly after he returned from holiday, the car hire firm charged a further €160.76 (or just over £143) to Mr H's card. The invoice indicated it was for motorway toll charges. He said he'd never used the motorway and hadn't therefore incurred any additional charges.

Mr H contacted NewDay, which initiated a chargeback - a process by which some card payment disputes can be resolved through the card scheme. That wasn't successful and NewDay wouldn't therefore refund the payment.

Mr H referred the matter to this service where one of our investigators considered it. He was satisfied that, by initiating the chargeback process, NewDay had dealt with Mr H's complaint fairly. Mr H didn't agree and asked that an ombudsman review the matter.

I considered what Mr H and NewDay had said. Having done so, I agreed with the investigator's overall conclusions. However, because my reasoning was a little different from the investigator's, I issued a provisional decision, so both parties could make further submissions if they wanted to do so.

I said in my provisional decision that I thought it unlikely that all the charges added by the car hire firm were for toll charges. I noted that there were other charges listed in the hire documents that might have accounted for some of additional payment taken – including a charge for the use of a toll sensor and for out of hours return of the car. It was possible that fuel was included. Whatever the explanation, however, I was satisfied that Mr H had authorised additional payments to be taken from his NewDay card; the real dispute was, I thought, about the explanation and detail the car hire firm had supplied to Mr H.

I indicated that, based on the information I had at the time I issued my provisional decision, I didn't consider that I could require NewDay to make a refund. I suggested though that Mr H might be able to provide further information – most likely from the car hire firm – about how it had calculated the additional charges.

NewDay didn't respond to my provisional decision, but Mr H did. He explained that the car hire firm had initially told NewDay that the charge was for taking the car across the border from Portugal (where he was staying) to Spain. He hadn't, he said, been to Spain. It was only later that it had referred to tolls. He felt that NewDay should have investigated this more thoroughly, for example by taking evidence from him and his partner. It had reached a conclusion about the matter based on incomplete evidence.

my findings

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

My role here however isn't to adjudicate on any dispute that Mr H might have with the car hire firm; it's to decide how his dispute with NewDay should be resolved. I would add that it's not for NewDay either to arbitrate on the dispute between Mr H and the hire firm. It's limited in what it can do in disputes such as this one.

As I indicated in my provisional decision, I'm satisfied that Mr H gave authority for additional payments to be taken from his NewDay card in line with the car hire agreement. When Mr H raised this issue with NewDay, it initiated a chargeback, but that was unsuccessful. That was because the car hire firm was able to provide sufficient evidence under the chargeback scheme to show that the payment was authorised. I emphasise that it provided what was required under the scheme. Chargeback is however a limited way of resolving certain payment disputes; its purpose is not to resolve all disputes between cardholders and merchants.

Having had the chargeback claim declined, I don't believe it was unreasonable of NewDay to decline a refund. It wasn't under any duty to investigate how Mr H had used the hire car in the way he suggests, and it's most unlikely that doing so would have changed the outcome of the chargeback request. I remain of the view, therefore, that NewDay has done enough to resolve Mr H's complaint about the card payment.

my final decision

For these reasons, as well as those set out in my provisional decision, my final decision is that I don't require NewDay Ltd to take any further steps to resolve Mr H's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 9 July 2020.

Michael Ingram
ombudsman