

complaint

Mr E complains that NewDay Ltd made an unauthorised payment on his credit card account and won't refund it.

background

Mr E sells books online through Amazon. He had stock held at an Amazon warehouse, but in early 2018 sales were lower than he was expecting. He therefore asked Amazon to return most of his stock to him. There was a fee for doing so, charged per item returned. In Mr E's case, the return fees totalled just over £750 – at 60p per item plus VAT. The return fee was charged to Mr E's Debenhams credit card (which is administered by NewDay). Mr E had previously provided Amazon with the card details.

When Amazon told Mr E what the fee was, he contacted NewDay to try to stop the payment. NewDay said however that the payment was pending and couldn't therefore be stopped. Mr E said he hadn't authorised the payment and that he'd have made other arrangements if he'd known how much the fee would be. He thought NewDay should refund the payment because he hadn't authorised it.

NewDay said that Mr E had provided his card details to Amazon and that his agreement with Amazon allowed it to take payment from his credit card account. Mr E doesn't dispute this, but says that he wasn't made aware of the cost of returning the books as he should have been. He referred the case to this service, where one of our investigators considered it.

Our investigator noted that NewDay had tried to obtain a refund through chargeback – a process run through the card scheme (in this case, MasterCard) for dealing with certain payment disputes. That wasn't successful. The investigator thought however that NewDay had done enough and so didn't recommend a refund. Mr E didn't accept her conclusions and asked that an ombudsman review the case.

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, however, I've reached broadly the same conclusions as the investigator did, and for similar reasons.

Mr E acknowledges that he provided his credit card details to Amazon, so that it could charge any fees he owed to the account. The Amazon terms say that Mr E is liable for any fees described in the agreement.

The credit card terms say that a customer can't cancel a transaction after it's been authorised. When Mr E contacted NewDay, the payment to Amazon was already pending, so I agree with NewDay that it couldn't be stopped. It could however still be challenged if it wasn't authorised by Mr E.

Mr E says that the credit terms cover the position here, because the payment was pre-authorised – that is, Amazon was using a general authority to take payments, rather than a specific authority for a single payment. The card terms include:

“ ...If the dispute relates to the amount of any Transaction where the amount of the Transaction exceeds the amount that you reasonably expected ... you must tell us within

eight weeks from the date on which the Transaction was put on your Account as you are entitled to a full refund...”

Mr E says this covers the situation here. I accept that Amazon does not appear to have told Mr E specifically how much it would charge until it actually initiated the payment. But Mr E’s agreement with Amazon did explain that its fees were set out in its Service Terms and Programme policies; they were also on its sellers page. Those policies and published fees therefore set out the amount that Mr E could *reasonably* expect to be charged – even if in fact they were more than he thought they might be. In the circumstances, I don’t believe that the pre-authorisation provisions I’ve referred to above mean that Mr E is entitled to a refund from NewDay.

But in my view, the dispute here isn’t really about whether Mr E authorised a card payment to Amazon; it’s a dispute between him and Amazon about the level of its fees and whether it told Mr E what they would be. It’s not for me to comment on that, but I don’t believe that NewDay has treated Mr E unfairly.

my final decision

My final decision is that I don’t require NewDay Ltd to take any further steps to resolve Mr E’s complaint. Under the rules of the Financial Ombudsman Service, I’m required to ask Mr E to accept or reject my decision before 1 May 2020.

Michael Ingram
ombudsman