

The complaint

Mr K complains that NewDay Ltd were unreasonable to reject a chargeback claim he made to them.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead I'll focus on giving my reasons for my decision.

What I've decided – and why

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

I know it will disappoint NewDay, but I agree with the investigator's opinion. Please let me explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

The online marketplace's return policy explained that it was the seller's responsibility to pay for return postage if the goods were faulty.

Mr K says the goods were faulty as the tyre on the alloy wheel he bought using his NewDay credit card was "popped".

NewDay say Mr K didn't buy a tyre, only an alloy wheel. But the description shown on the online marketplace for the alloy wheel clearly includes a tyre, and advertisements by the same seller for the same product also include a tyre. So, I'm persuaded the alloy wheel that Mr K bought did include a tyre and as it was popped it was of unsatisfactory quality.

The chargeback scheme administrator here was Mastercard and I've reviewed their rules in regard to defective items. I think Mr K's case met those conditions and that his claim should have been successful.

Mr K has provided evidence that demonstrates the seller accepted the return of the goods and promised a return label that never arrived. In those circumstances I think Mr K did everything that was expected of him and his claim should have been successful. In that case NewDay should have taken the claim to arbitration when it was rejected by MasterCard or have considered, and upheld, a claim under section 75 of the Consumer Credit Act (1974). That section says that in certain circumstances, the borrower under a credit agreement has

a like right to claim against the credit provider as against the supplier if there's a breach of contract. That was the case here and NewDay therefore need to take some further

Putting things right

NewDay should refund the cost of the item (£75) and should remove and/or refund any interest accrued on the account as a result of this transaction.

Mr K has clearly been inconvenienced by these issues and I've read his explanation of the stress that he's been caused. He will have been concerned about any adverse reports that may have been made to his credit file as a result of this issue. In the circumstances, I think NewDay should pay him £50 in compensation.

My final decision

For the reasons I've given above I uphold this complaint and tell NewDay Ltd to:

- Refund the £75 transaction fee.
- Refund or waive any interest that has been accrued as a result of the transaction.
- Remove any adverse reports they have made to Mr K's credit file as a result of this issue.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 5 July 2022.

Phillip McMahon
Ombudsman