

## **The complaint**

Ms H and Mr T complain about how Santander UK Plc ("Santander") dealt with a request about a refund for two transactions made on a debit card.

## **What happened**

Ms H and Mr T hold a current account with Santander. In February 2023, Mr T spoke to Santander and asked for some advice about how he could be refunded for two payments of £1,495 he'd made on his debit card to a supplier he'll call 'O' for two funeral plans. This was because O had sent him a letter saying they were in the process of being put into administration.

Mr T told Santander that the administrators had told him they didn't know what was happening with the administration until May 2023.

Santander told Mr T that he potentially had the right to a chargeback claim but they weren't able to proceed with this at that time because O was still providing him with the cover under the funeral plans. Santander said Mr T should contact them again once the position was clearer around what was happening with the plans and the administration of O.

Mr T got back in touch with Santander in July 2023. He said he'd recently been told that O had been put into administration. Santander told Mr T they couldn't now raise a chargeback because more than 540 days had elapsed since the debit card payments were made, which meant that the chargeback was out of time.

Mr T complained to Santander. He said they didn't tell him about the time limits when he spoke to them in February 2023 and wasn't happy that the chargeback couldn't be raised. Santander didn't uphold Mr T's complaint.

Our investigator didn't think Santander had done anything wrong. Mr T didn't agree and so the matter has been passed to me for a 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've firstly considered whether Santander incorrectly told Mr T that they couldn't raise a chargeback when he contacted them.

In certain circumstances, the chargeback process provides a way for a bank to ask for a payment Mr T made to be refunded. Where applicable, the bank raises a dispute with the supplier and effectively asks for the payment to be returned to the customer. While it is good practice for a bank to attempt a chargeback where the right exists and there is some prospect of success, the circumstances of a dispute means it won't always be appropriate for the bank to raise a chargeback. There are grounds or dispute conditions set by the

relevant card scheme and if these aren't met, a chargeback is unlikely to succeed.

I've considered the scheme rules in question in respect of Mr T's claim. These set out that a chargeback had to be raised within 120 days of the last date he expected to receive the service from O, provided this didn't exceed 540 days from the date he paid them.

The transactions were made on 25 September 2021 so it's likely that the service being provided by O started either on, or close to, that date. As Mr T contacted Santander in July 2023, that was later than 540 days from when Mr T paid O in September 2021.

Santander could have attempted to raise a chargeback in July 2023, but it was very unlikely to have succeeded. It's likely it would have been defended by O, their bank, or the administrators, on the basis Mr T hadn't complied with the necessary conditions for the dispute he was raising (i.e. he hadn't met the necessary conditions about time limits).

Santander could also have attempted to raise a chargeback in February 2023, but as Mr T was still receiving the cover from the funeral plans at that time, this likely wouldn't have succeeded either.

I've also considered whether it would have been fair for Santander to have told Mr T about the time limits when he spoke with them in February 2023. Santander could have given Mr T some general information about time limits being a potential barrier to them raising a chargeback. However, even if they had done this, it wouldn't have changed the position on the time limits in respect of this dispute.

I do sympathise with Ms H and Mr T about what's happened. But Santander didn't set the chargeback rules, the card scheme did, and Santander could only get Mr T's money back if his dispute fit within those rules. Unfortunately, for Mr T, in this case it didn't.

On this basis, Santander didn't treat Ms H and Mr T unfairly by not raising a chargeback. And I find that Santander didn't act unreasonably when Mr T spoke to them in February 2023.

### **My final decision**

For the reasons I've set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H and Mr T to accept or reject my decision before 16 February 2024.

Daniel Picken

**Ombudsman**