

The complaint

Miss W is unhappy that Santander UK Plc (Santander) didn't pursue her chargeback dispute, in respect of a purchase she made on her debit card.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

"In May 2023, Miss W purchased a wetsuit from a retailer I shall call 'P'. The cost of the wetsuit was £279. When the wetsuit arrived, Miss W contacted P and advised it the wetsuit was damaged. She provided photos of the damage and asked for P to contact her to arrange a replacement being sent.

A few days later P emailed Miss W back and said the damage she had highlighted was a common occurrence and wouldn't impact the performance of the wetsuit. P said the issue was easily repairable and as its records showed the wetsuit had never been outside its warehouse, it would not offer a replacement.

Miss W responded the same day and said this didn't matter and as the product was damaged when she received it, she is entitled to a replacement or full refund. P replied again and said the wetsuit had been damaged since leaving it and therefore reiterated that it wouldn't accept the wetsuit back. P said it would escalate the matter to the manufacturer and provide an update once it had heard back.

Again, Miss W replied on the same day and explained she hadn't damaged the wetsuit and it was already damaged when she first took it out of the box. Just over a week later Miss W emailed P for an update, as she hadn't heard anything further from it. Miss W didn't receive any reply from P so says she contacted Santander on 21 June 2023 to raise a dispute.

Miss W says she explained to Santander that she had tried to resolve the issue with P directly, but it had refused to accept a return of the wetsuit and it was no longer corresponding with her. Santander sent a chargeback claim form to Miss W and she returned this alongside the email communication she had had with P. Santander then sent a letter on 8 July 2023, asking for evidence the wetsuit had been returned. Miss W says she didn't receive this and therefore called Santander on 14 July 2023 for an update. Miss W says she provided a response and explained she hadn't returned the wetsuit because P had said it wouldn't accept the return. Miss W also explained she would return the goods when P confirmed it would issue a refund.

Following this Santander issued further letters asking for the further information it had previously requested. Miss W has explained that she explained the situation again each time. Unhappy that she kept being asked to provide information she had already submitted, a complaint was also logged.

Santander wrote to Miss W on 5 August 2023 and advised her claim didn't meet the necessary criteria for it to ask for a refund from the retailer. On 8 August 2023 Santander issued its final response to the complaint and said it hadn't made any mistakes in handling the chargeback and it had correctly advised the claim was unsuccessful.

Given this Miss W referred her complaint to our service. One of our investigators considered the complaint and concluded Santander didn't need to do anything further. They said Miss W

hadn't followed P's returns process and because she hadn't returned the wetsuit, the necessary criteria for Santander to raise a chargeback under Mastercard's rules hadn't been met. The investigator also explained that Santander hadn't acted unfairly in repeatedly asking for evidence the wetsuit had been returned, as this was never provided.

Miss W disagreed and said she followed P's return process by contacting it and asking for a replacement/refund, which it declined. Miss W said she had made Santander aware from the outset she still had possession of the wetsuit and why that was. She also explained that Santander hadn't ever advised her that for a chargeback to be processed she needed to return the wetsuit.

As Miss W disagreed, the complaint has been passed to me to decide.

What I've provisionally decided – and why

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

Miss W's dispute here is that the wetsuit she received was faulty. Santander looked to see if it could assist Mr P in retrieving a refund via the chargeback process. Chargeback is the process by which settlement disputes are resolved between card issuers and merchants, under the relevant card scheme. For Miss W's debit card, Santander has advised the relevant card scheme is MasterCard.

A consumer isn't entitled to chargeback by right. But where there are grounds to raise one and it has reasonable grounds for success, it is good practice for one to be raised by the card issuer. Once a refund is requested by a consumer the card issuer will usually look at the card scheme rules to see if the nature of the dispute is covered under the list of possible chargeback reasons. If so, relevant evidence might be requested to back up the claim and the chargeback is raised.

In Miss W's case, Santander didn't think it had grounds to raise a chargeback, as Miss W didn't provide evidence the wetsuit had been returned. I've therefore considered whether I agree with that position.

I've looked at MasterCard's chargeback rules that give a full list of dispute reason codes that can be used to raise a chargeback. Having looked at these, I feel the most accurate reason code that Santander could've used for Miss W's dispute would've been goods not as described or defective.

One of the conditions for a chargeback to be raised under this reason code is where the dispute involves goods, for them to have been returned or the retailer informed the goods were available for pickup.

I acknowledge that Santander didn't feel Miss W met either of these conditions and that is why it didn't raise the chargeback. Having looked at Miss W's communication with P, I feel she did enough to meet this condition. It is clear Miss W didn't return the wetsuit to P, and I can understand why when it had clearly told her it wouldn't accept a return. And I appreciate that Miss W didn't explicitly say P could come and pick up the wetsuit.

But by advising the wetsuit was faulty and she wanted a replacement/refund, I'm satisfied Miss W did in effect put P on notice that should it want to pick the wetsuit up, it was available for P to do so, as Miss W had made it clear she didn't want it. P also was no longer communicating with Miss W, so she couldn't make any further in roads with it regarding a return or pick up, despite trying. P's message to Miss W had also always been it wouldn't

accept a return. Had P not said this, I see no reason why Miss W wouldn't have returned the item, as she advised she would in her claim form to Santander.

Therefore, I'm satisfied she did enough to satisfy the chargeback condition in question and I feel all the other conditions for a chargeback to be raised under the reason code goods not as described or defective were met.

I do acknowledge that even where a chargeback has been raised, there is no guarantee it will be successful and result in a refund. Here however I think the evidence of the damage Miss W sent persuades me if the chargeback for goods not as described or defective it would have had a reasonable prospect of success.

As the timeframe for the chargeback to be raised has now passed, I believe Santander should refund Miss W for the cost of the wetsuit. It should also pay 8% simple interest on this amount from when the chargeback was declined (5 August 2023) until date of settlement.

I appreciate in this case it would've been frustrating for Miss W to keep being told she needed to provide further evidence when she had made the situation clear. From what I can see Santander never clearly explained why Miss W's explanation of the situation wasn't sufficient, in its opinion, for the chargeback to be raised. It just kept asking for proof of a return Miss W didn't have and had explained why. Given the distress and inconvenience caused by Santander's handling of this chargeback, I feel it should pay Miss W £50. I'm satisfied that £50 is fair and reasonable in the circumstances."

I invited both parties to respond with new information they wanted me to consider before I made my final decision.

Santander advised it agreed to settle the complaint in line with the provisional decision and had nothing further to add. Miss W reiterated her disappointment with how Santander had handled this complaint. She explained that despite Santander saying it had tried to contact her to discuss the complaint like had been agreed, it failed to make any attempt to do so.

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 appreciate Miss W's point regarding what happened after she logged her complaint and acknowledge her disappointment with that. However, taking everything that happened here into consideration, I remain satisfied that what I recommended in my provisional decision is a fair and reasonable outcome to this complaint.

Putting things right

To settle this complaint, Santander should do the following:

- Refund Miss W £279. It should pay 8% simple interest on this amount from the date the chargeback was first declined until the date of settlement.
- Pay Miss W an additional £50 for the distress and inconvenience its handling of the chargeback caused.

My final decision

I uphold Miss W's complaint and require Santander UK Plc to put things right for Miss W as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 6 June 2024.

Paul Blower
Ombudsman