

## **The complaint**

Mr and Mrs G are unhappy that Santander UK Plc declined to raise a chargeback.

## **What happened**

In June 2022 Mr and Mrs G purchased a boiler, which came with a 12-year annual service plan. They paid £2,290 using their Santander debit card.

The first service was due in July 2023 but when Mr and Mrs G tried to contact the merchant, they were unable to get through. Eventually they discovered that the merchant had gone out of business.

Mr and Mrs G raised a chargeback claim for the 12 annual boiler services with Santander in July 2023.

In October 2023 Santander sent Mr and Mrs G a final response. In summary they said they couldn't raise a chargeback as the documentation provided showed the annual servicing was an added service, which was free, and not included within the services they'd paid for. As the service was free, Santander said this didn't meet the chargeback criteria, so a chargeback couldn't be raised.

Mr and Mrs G were unhappy with Santander's response and complained to this service. They said the boiler had been supplied to them with a 12-year annual service plan and the purchase price included not just the boiler but the annual services too. They said they hadn't received the services they'd paid for, and to have the boiler serviced going forward would cost them around £100 per year.

When our investigator reviewed the case, they didn't uphold the complaint. They said if Santander had raised the chargeback, it wouldn't have been successful, as there were no costs associated with the annual boiler services and so a chargeback right didn't exist.

Mr and Mrs G didn't agree. They still considered that that the cost of the boiler installation included the annual servicing of the boiler for 12 years.

As Mr and Mrs G remained unhappy with the investigator's view the case has now been passed to me to make a final 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.

A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant card scheme rules. It allows customers to ask for a transaction to be refunded in a number of situations, some common examples being where goods or services are defective, where goods or services aren't as described, or where goods or services aren't provided, as in this case.

There's no automatic right to a chargeback; the chargeback process doesn't give consumers legal rights; and chargeback is not a guaranteed method of getting a refund because chargebacks may be defended by merchants. It's important to note that chargebacks are decided based on the card scheme's rules – in this case Mastercard – and not the relative merits of the cardholder/merchant dispute.

While it's good practice for a card issuer to attempt a chargeback where certain conditions are met and there's a reasonable prospect of success, there are grounds or dispute conditions set by the relevant card scheme that need to be considered. If these are not met, a chargeback is unlikely to succeed. And something going wrong with a merchant won't always lead to a successful claim.

In this case Santander declined to raise a chargeback because they said the annual boiler services were "free" so they couldn't raise a chargeback for a service that wasn't paid for. After reviewing all the evidence, I agree that a chargeback right doesn't exist here, and that Santander acted fairly by not raising one.

A chargeback can only be raised for goods or services not provided when the customer has paid for the goods or services in question. In this case, the invoice and quotation clearly state that the 12 annual boiler services would be carried out for free. I appreciate that Mr and Mrs G feel very strongly that the annual boiler services were included in the overall cost, but unfortunately the documentation provided does not support this.

As the annual boiler services weren't specified with a cost on the invoice, it's difficult to confirm whether they were included in the payment, or to determine what portion of the payment, if any, covered them. As a result, the necessary requirement for a chargeback, namely that the disputed goods or services must have been purchased and paid for, has not been met on this case. And therefore, I can't conclude that Santander acted unreasonably by not raising a chargeback as Mr and Mrs G's claim for the annual boiler services, falls outside the scope of what can be disputed under the chargeback rules.

### **My final decision**

I'm sorry to disappoint Mr and Mrs G, but I don't uphold this complaint against Santander UK Plc

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 23 October 2024.

Farhana Akhtar  
**Ombudsman**