

The complaint

Miss L is unhappy that Santander UK Plc (“Santander”) couldn’t help when she asked them for help to recover money she’d paid for a service.

What happened

The parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

Miss L entered into an agreement in March 2020 for dental aligner treatment with a supplier that I’ll refer to as D. She made payments on her debit card between March 2020 and November 2020, and D was supposed to give ongoing after care and dental care support, under certain conditions. D ceased trading in December 2023.

In May 2024 Miss L got in touch with Santander. She said that she hadn’t received the service she’d paid D for, and she was unable to return some of the products, which she said were unsuitable for her. Santander explained that they were unable to help, as Miss L had brought her concerns to them too late. Santander said Miss L was outside of the time limits for a chargeback claim to be raised.

Miss L complained to our service. Our investigator didn’t uphold Miss L’s complaint. She said that she agreed with Santander, and the chargeback claim had been brought outside of the scheme rules time limits. Our investigator explained the scheme rules confirmed that Miss L had 120 days from the date she found out D had ceased trading in which to raise a claim, but also only had 540-days from the transaction dates in which to raise a claim. As her payments had been made more than 1,000 days before she got in touch with Santander to ask for their help, our investigator concluded that Santander had acted fairly by not raising a chargeback claim for Miss L.

Miss L didn’t accept this, so it’s been passed to me to decide.

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.

There are different ways that a bank can assist customers who have had issues with goods or services not being provided. In some cases, a bank may be able to request a refund from the supplier through the chargeback scheme. This is a way in which payment settlement disputes are settled between cardholders and suppliers/merchants. They are dealt with under the relevant card scheme rules – in this case, that’s Mastercard. In certain circumstances the process provides a way for Santander to ask for a payment Miss L made to be refunded.

There is no obligation for a card issuer to raise a chargeback when a consumer asks for one. But I would consider it good practice for a chargeback to be attempted where the right exists and there is a reasonable chance of success.

In Miss L's case, Santander didn't believe that a chargeback had any chance of being successful, so didn't raise one. I've considered whether I agree with Santander's position.

I've looked at the Mastercard chargeback rules. These give a full list of dispute reason codes that can be used to raise a chargeback. Having considered these reasons, the most relevant one Santander could have used was likely to be "Goods or Services Were Either Not as Described or Defective".

The rules explain the time limits under which a dispute of this nature can be raised. They state:

- *"Within 120-calendar days from when the services ceased with a maximum of 540- calendar days from the transaction settlement date for issues of interruption of ongoing services.*
- *Between 15 and 120-calendar days from the delivery/cancellation date of the goods or services."*

The supplier ceased trading in December 2023, according to information on its website, and Miss L raised her claim with Santander in May 2024. I don't know when Miss L first became aware that the supplier had ceased trading, so it's possible she could have raised her claim within 120 days of finding out this information.

However, she made the payments to the supplier between March and November 2020 – more than 1,000 days before she tried to raise her claim. Therefore, even if I was to find the dispute had been raised within 120 days of when the service had last been provided (or available), the chargeback would still have been raised out of time due to the 540-day calendar limit.

This is because Miss L's transactions were processed between March and November 2020. The dispute was first raised in May 2024, after Miss L had learned the supplier had ceased trading. May 2024 is more than 540 days from the payment dates. Given the Mastercard rules that govern the chargeback process, I agree with Santander that they couldn't raise a chargeback as the dispute was brought out of time and would most likely have failed on that basis.

For completeness, I've thought about whether there were any other chargeback reasons Santander could have considered raising Miss L's claim against. But any other suitable reasons carry the same time limits as given above, so the outcome would have been the same regardless of the reason code Santander had considered.

I know this decision will come as a disappointment to Miss L. She has paid for a service that she hasn't had the full benefit of, through no fault of her own. However, Santander must adhere to the Mastercard time limits that apply. In this case, I'm satisfied Santander correctly advised Miss L that the time limits had passed for them to raise her dispute.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 2 April 2025.

Kevin Parmenter
Ombudsman