

The complaint

Mr G is unhappy about the service he received from N26 Bank GmbH when he raised a chargeback claim.

What happened

Mr G purchased some flights using his N26 Bank debit card. Mr G didn't receive confirmation of the flight booking or any flight tickets and therefore wasn't able to use them. He raised a chargeback dispute with N26 in July 2019, but they refused to investigate and said he was out of time under the chargeback rules.

Mr G complained and following the involvement of our service N26 reviewed the chargeback claim again. N26 realised they'd made an error and confirmed Mr G did raise the chargeback claim in time. N26 offered Mr G a full refund for the flights he purchased and wasn't able to use.

N26 tried to get in touch with Mr G directly between May 2020 and August 2020 for his bank details so they could process the refund. Mr G didn't respond and when he did, he contacted N26 from an unverified email address. N26 said they couldn't communicate with Mr G from an unverified email address due to security – and as they're an online digital bank, they don't have the facilities to phone or send letters unless under exceptional circumstances. N26 were also unable to amend Mr G's email address as he'd asked.

In October 2020, Mr G gave his bank details to our investigator who sent them to N26 and asked for some further information to look into Mr G's complaint in full.

Mr G told the investigator he also thought N26 had added a CIFAS marker to his credit file. The investigator explained she'd look into this as part of the complaint and asked N26 about it.

In January 2021, N26 responded to the investigator's information request and processed the refund to Mr G. They also added 8% simple interest to the amount they refunded Mr G and offered £100 compensation in recognition of the service Mr G had received due to initially rejecting his chargeback claim.

The investigator reviewed the complaint and in summary said;

- She was satisfied N26 couldn't communicate with Mr G as he was using an unverified email address;
- N26 had issued Mr G with a full refund from his chargeback claim and added 8% simple interest;
- She couldn't see any evidence that N26 had added a CIFAS marker to Mr G's credit file;
- She thought £100 compensation plus the 8% simple interest was enough to put things right for Mr G in the circumstances.

Mr G didn't agree. He said he wanted £300 compensation on top of the 8% simple interest.

As an agreement couldn't be reached, the complaint has been passed to me to review.

In February 2021, I got in touch with N26 and let them know that I didn't think £100 compensation was enough. I said I thought N26 had caused delays when refunding Mr G and I thought more compensation (around £200) should be warranted. N26 responded and offered an additional £50 compensation. Mr G didn't accept this and said he would accept £200 which N26 didn't agree to.

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.

Having done so, I'm going to ask N26 to pay Mr G additional compensation. I've explained further below.

It's not in dispute that N26 made an error when reviewing Mr G's initial chargeback claim. They said he was out of time under the chargeback rules but after reviewing things again realised they'd made an error. I'm pleased to see N26 have recognised this error by offering Mr G £100 compensation for the poor service he received.

In May 2020, when N26 agreed to refund Mr G in full for the flights, they tried to get in touch with him using the email address they held on their system. They attempted to email Mr G twice – once in May 2020 and again in June 2020, but they didn't receive a response. In August 2020 Mr G got in touch with N26 asking for an update – he emailed them from an unverified email address. All banks and building societies have security processes in place which they must adhere to. N26 have explained that due to these security processes, they were unable to communicate with Mr G through an unverified email address. While I recognise the frustration this would have caused Mr G, I can't fairly uphold his complaint on this part. I think N26 were applying their security processes in the right way – and to protect Mr G overall. If an unauthorised person contacted N26 and provided bank details on behalf of Mr G and they processed the refund, Mr G would have been at a loss. I recognise this wasn't the case and it was in fact Mr G who was contacting N26, but I think N26 took the appropriate actions to protect Mr G as they couldn't verify it was him who was emailing them. Therefore, I'm not satisfied this delay was the cause of N26.

In October 2020, Mr G gave his bank details to our investigator who was considering his complaint once she told him that N26 were happy to refund the full amount for the flights. From the telephone conversation between Mr G and the investigator I'm satisfied this was the first time Mr G became aware that his chargeback refund had been agreed. The investigator forwarded Mr G's bank details to N26 without delay and asked them to process the refund. As part of this, the investigator also requested for some additional information from N26 to allow her to fully investigate Mr G's complaint.

Mr G got back in touch with the investigator regarding a new complaint point – he thought N26 had added a CIFAS marker to his file. The investigator contacted N26 about this so she could consider it as part of the overall complaint.

In January 2021, N26 responded to the investigator with the information she'd asked for. They confirmed they didn't add a CIFAS marker and also processed the refund to Mr G. I'm aware N26 wanted some time to look into the new complaint points raised by Mr G and this was the reason for the delay in their response and processing the refund. However, I haven't seen anything to satisfy me that N26 couldn't have made the refund pending the investigation of the new complaint points. N26 had already made the decision that Mr G was entitled to the chargeback refund and attempted to do that in May 2020 when they contacted

him. And while I recognise there were new complaint points and it would have been easier for them to make one payment after a full investigation, I don't think that's fair on Mr G.

Mr G made a legitimate chargeback claim in July 2019 and didn't receive the money until January 2021. I recognise Mr G caused some of those delays by not communicating with N26 through his verified email address. However, I think in October 2020 when N26 received the bank details from our service, they should have processed the refund rather than waiting to investigate new complaint points. The delay left Mr G without his money for a further three months. I'm pleased N26 have added 8% simple interest to the refund amount as this reflects the time he was without the funds. However, I do think more than £100 compensation is warranted.

N26 explained their initial offer of £100 was for the service Mr G received when he was told he was too late to make a chargeback claim. So, I think additional compensation is warranted for the delay between October 2020 – when N26 could have processed the refund – and January 2021 when they did process the refund. I consider an additional £100 fairly reflects this time frame.

Like the investigator, I haven't seen any evidence that N26 added a CIFAS marker to Mr G's credit file. And therefore, I don't think they need to do anything differently.

I'm aware Mr G has additional complaints with N26 but I must stress this decision focuses on the circumstances of this complaint only.

Putting things right

In summary, I think N26 have fairly recognised the distress and inconvenience caused when they initially rejected Mr G's chargeback claim by paying £100 compensation.

However, I think they caused delays between October 2020 – January 2021 and therefore, I consider additional compensation should be paid. N26 should pay Mr G an additional £100 compensation on top of the amount already paid to him, and the 8% simple interest.

My final decision

For the reasons explained above, I uphold Mr G's complaint.

To put things right N26 Bank GmbH should:

- Pay Mr G an additional £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 28 April 2021.

Hayley West
Ombudsman