

## The complaint

Mr H complains that NewDay Ltd (trading as Aquacard) incorrectly processed a chargeback request.

## What happened

Mr H ordered some goods online in July 2020 but didn't collect them as he no longer needed them. He waited for a refund from the merchant but didn't receive one. He contacted Aquacard and asked it to raise a chargeback request.

Aquacard raised the request but this was defended by the merchant. Aquacard didn't take the matter any further and Mr H remained responsible for the cost of the goods.

Mr H pursued the matter directly with the merchant and received a refund in October 2020. Mr H complained to Aquacard because he didn't think it had processed the chargeback request correctly. He said if it had done so it was unlikely that the request would've been challenged by the merchant.

Aquacard accepted that when it wrote to Mr H to tell him the chargeback had been defended, the information in its letter may have caused confusion. It apologised for this, but it didn't offer to do anything else. Mr H was unhappy with Aquacard's response and referred the matter to this service.

Our investigator didn't recommend the complaint should be upheld. She concluded that Aquacard had followed the correct process for claiming the chargeback, although she accepted it hadn't communicated with Mr H as clearly as it could've done. She considered Aquacard's apology was reasonable, and in the circumstances she wasn't persuaded it needed to do anything else.

Mr H didn't agree with the investigator's conclusions and asked for his complaint to be reviewed by an ombudsman.

I issued a provisional decision for the complaint on 10 May 2021. Details of my provisional findings are set out below.

- Mr H had said throughout his complaint that he didn't collect the goods he'd ordered and waited for a refund from the merchant. I'd seen a copy of a message he sent to the merchant that said:

*'Can you process a refund for a C&C order [number] that I haven't collected and no longer want. Thanks'*

- Mr H contacted Aquacard when he didn't receive the refund, and in the declaration he completed the details of the disputed transaction were described as *'Refund not received.'* This was also noted by Aquacard.

- I'd seen the chargeback form that Aquacard completed. As far as I could tell, it seemed Aquacard may have used the wrong code to identify the reason for the chargeback.
- In addition, Aquacard's final response suggested the chargeback request was made on the basis that Mr H hadn't received the goods. This wasn't correct – he hadn't received the refund he was entitled to. So this also suggested to me that the basis on which Aquacard made the chargeback request was incorrect.
- As Mr H had made Aquacard aware he was waiting for a refund because he'd never collected the goods, I thought it would've been reasonable for Aquacard to query the information received when the challenge to the chargeback request was made.
- On balance, if Aquacard had made the correct chargeback request I thought it was likely that Mr H would've received the refund from the merchant. I understood that a refund was eventually made, but only after Mr H pursued the merchant directly.
- In the circumstances, I thought it was reasonable for Aquacard to pay compensation to Mr H for the inconvenience caused by its error. I thought £100 was a fair amount in the circumstances.

Mr H said he didn't have anything to add in response to my provisional findings.

Aquacard didn't agree with my provisional decision. It said it had used the correct code for the chargeback, and that the code meant '*cardholder dispute*'. It said this covered multiple sub blocks including goods not received, goods not as described and refund not received.

It also said that when a refund not received claim is raised the customer must provide evidence to show a refund has been offered. If this was in the merchant's terms then the customer must provide the terms where it states that if he does not collect the goods they will be returned and a refund will be issued. Aquacard said Mr H hadn't provided this evidence so the chargeback was invalid.

### **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.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my conclusions on the balance of probabilities – that is, what I think is most likely to have happened in light of the available evidence and the wider surrounding circumstances.

I've noted what Aquacard has said in response to my provisional decision, and I've also looked at the letter it sent to Mr H when he'd contacted it about raising the chargeback. The letter said:

*'Please ensure that you read this document carefully and complete all the fields which are appropriate to your dispute. You are also required to supply evidence which supports your claim. Failure to provide evidence or detail in the required fields may invalidate your claim and any credits applied to your account could be reversed.'*

Mr H supplied evidence of his order and explained that he hadn't collected it. He said:

*'Under their [the merchant's] T&C it should have been returned to stock after 21 days and a refund issued.'*

*On the 28th August 2020 I contacted [merchant] to ask where my refund was (Page 4) I had no reply from [merchant], so need to raise A Chargeback for the amount due to product not received.'*

I can see that the merchant's order confirmation says *'We will hold all collection items for 21 days.'*

As I mentioned in my provisional decision, Mr H contacted the merchant after 21 days to ask for a refund as he hadn't collected the items.

Keeping in mind what Aquacard has said in response to my provisional decision, it seems it required very specific evidence from Mr H to make a successful chargeback claim. But I'm not persuaded this would've been obvious to Mr H from Aquacard's letter. There was nothing in the letter to suggest that he would need to provide the merchant's specific terms and conditions for the refund he was trying to claim.

From what I've seen, I consider Mr H supplied as much evidence as he could in the circumstances. If this wasn't enough for Aquacard's purposes, I think it would've been reasonable for it to have told him he would need to supply the merchant's specific terms and conditions in connection with refunds.

I accept that the code used for the chargeback request may have covered a number of different scenarios. But I'm still mindful of the discrepancies between Mr H's reason for the chargeback request (no refund received) and the reasons behind the challenge to it. Aquacard's final response also seems to accept there was some confusion about the basis on which the chargeback request was rejected.

With all of these points in mind, I still think it would've been reasonable for Aquacard to have challenged the reason for the rejected request. Had it done so, on balance I think it's likely that Mr H's request would've been successful.

In addition, if Aquacard had clarified the evidence it needed from Mr H, I consider this would've also improved his chances of making a successful chargeback request.

So I'm satisfied that Aquacard should pay compensation to Mr H for the inconvenience caused.

**Putting things right**

Aquacard should pay £100 to Mr H.

**My final decision**

My decision is that I uphold this complaint. I direct NewDay Ltd trading as Aquacard to pay £100 to Mr H.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 16 June 2021.

Caroline Stirling  
**Ombudsman**