

The complaint

Mr P is unhappy with how Santander UK Plc (Santander) handled his chargeback dispute and the delays it caused.

What happened

Mr P bought flights using his Santander credit card on 24 February 2020. Payment for the flights was made to a company that I will refer to as "T" and the price was £427.96. Mr P's departure flight was due to take place on 23 April 2020, with the return flight on 1 June 2020.

Due to the ongoing Covid-19 restrictions, Mr P's flight was cancelled. He tried to retrieve a refund from T and the airline but has explained he was told this could take four to six months. Mr P therefore asked Santander for assistance in retrieving a refund. A dispute was raised on 6 May 2020. On 3 June 2020, Mr P also let Santander know of his new account details as he'd closed his credit card account.

Santander requested further information from Mr P, so that it could pursue the dispute. Mr P raised a complaint following this, as he was unhappy with the delays in Santander helping him with his dispute. Santander responded and said it needed the additional information it had requested but paid £20 for any inconvenience caused.

Mr P supplied the additional information and Santander received it on 18 June 2020. A chargeback was raised in July 2020. Mr P didn't receive any notice of this, and no refund was provided. Throughout July 2020 Mr P was still in regular contact with Santander regarding his dispute. He however didn't receive a satisfactory update and was told that no messages could be passed to the disputes team.

This led to Mr P raising a further complaint. Santander replied on 6 August 2020 and offered a further £70 for the incorrect information it had provided. Santander also said it would call Mr P on 13 August with an update on the dispute.

On 4 September 2020, Santander wrote to Mr P and advised the chargeback had been raised and T had 45 days to reply. Mr P was also asked for the external account details he wanted the credit to be applied to, should the chargeback be successful. These details were again supplied by him.

Mr P still didn't receive any refund and referred his complaint to our service in October 2020. Our investigator advised Santander that Mr P hadn't received a refund. Santander confirmed the chargeback had been successful, but that the funds hadn't been credited to Mr P's external account. Mr P confirmed to us that the refund was credited on 23 November 2020. Santander offered an additional £100 for the further delays.

Our investigator found that the total of £190 Santander had offered for the errors it had made with Mr P's dispute was fair. Mr P didn't agree, and so the complaint has 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.

I'm pleased to see that Mr P has now finally received his refund. Given this, I've considered whether the amount offered by Santander is sufficient for its handling of the dispute and the delays caused.

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. 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.

As our investigator has said, it can take some time in normal circumstances for a chargeback to be raised. A card issuer only has one attempt, so will often try to gather as much evidence as possible to try and ensure a successful outcome.

Santander received the additional information it requested to raise the chargeback from Mr P on 18 June 2020, following him initially submitting the dispute on 6 May 2020. The chargeback was then raised on 16 July 2020. Given the issues Covid-19 was creating at this time, I don't believe this was an unreasonable timeframe.

However, it wasn't until 4 September 2020 that Santander confirmed in writing the chargeback had been raised and that T had 45 days to respond. It's unclear why it took Santander until 4 September 2020 to acknowledge this when the chargeback was raised on 16 July 2020.

I do appreciate Mr P's frustration with Santander's communication. It wasn't made clear to him what the situation was with his dispute. And despite regular calls to Santander asking for an update, he didn't receive anything meaningful until 4 September 2020. Santander also failed to call Mr P back when promised.

Santander has said that the delays in refunding Mr P after the chargeback was raised, were down to its dispute team not having Mr P's external account details to send the refund to. Santander has already acknowledged this wasn't the case and following the successful chargeback, it should've refunded Mr P sooner.

Santander hasn't been able to confirm when the chargeback was successful. However, given the 45-day timeframe a merchant has to respond, if the chargeback was raised on 16 July 2020 (as Santander has confirmed) then the refund would've been received prior to the letter issued to Mr P on 4 September 2020. Mr P also says T confirmed to him the chargeback had been completed on 21 July 2020. So, I find it likely Santander had Mr P's £427.96, months before it eventually refunded him.

In any event, it's clear that Santander caused a significant delay in refunding Mr P, following the chargeback being raised.

When considering if Santander needs to do more here for the delays and its poor communication, I have taken into consideration the impact of the Covid-19 pandemic. early to mid-2020 was an unprecedented and an unusual time for the banks, dealing with significant numbers of enquiries, claims and complaints from consumers as the global pandemic unfolded. Many of these claims will have brought up issues which were relatively novel, and the banks were having to digest new information, rules and guidance at a very unusual time. I also need to consider the operational challenges Santander faced during this

period. And ultimately it was T that caused the issues in the first place, by not refunding Mr P in a timely manner.

I do accept that Santander hasn't handled Mr P's dispute correctly. It's been poor in its communication and caused a significant delay in refunding Mr P. Santander has paid £90 and offered a further £100 for the distress, inconvenience these errors caused. Taking everything into consideration, I do feel this offer is sufficient and fairly resolves this complaint. I'm satisfied the total of £190 also covers any interest Mr P may be due as a result of not having use of these funds, during the time from when the chargeback was raised until when he was eventually refunded.

My final decision

Santander UK Plc has already made an offer to pay an additional £100 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that Santander UK Plc should pay £100 to Mr P.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 17 May 2022.

Paul Blower
Ombudsman