

The complaint and background

Mr B complains that Al Rayan Bank PLC (“Al Rayan”) did not help recover monies he paid to a trading website which he says turned out to be a scam.

On 16 November 2021, I issued my provisional decision rejecting this complaint. For completeness, I repeat my provisional findings below:

£265.25 payment

Mr B accepts he authorised a payment of £250 to Universe Markets. But he argues he did not authorise an additional £15.25 (£265.25 in total).

I have considered what Mr B has said and the information he has provided – including: what appears to be a declaration form confirming Mr B’s authorisation to pay Universe Markets £250; and an online article about cryptocurrency scam. However, I have not seen anything in the evidence before me which sets out the actual amount Mr B was asked to pay Universe Markets. Therefore, in the absence of this, I am unable to conclude that Al Rayan permitted an incorrect amount to be debited from Mr B’s account.

Chargeback

I acknowledge Mr B says he was the victim of a scam. However, this in itself does not automatically entitle Mr B to a claim under Mastercard’s chargeback scheme rules. Chargeback is a voluntary scheme run by Mastercard whereby it will ultimately arbitrate on a dispute between the merchant and customer if it cannot be resolved between them after two ‘presentments’. Such arbitration is subject to the rules of the scheme – so there are limited grounds on which a chargeback can succeed. Our role in such cases is not to second-guess Mastercard’s arbitration decision or scheme rules, but to determine whether the regulated card issuer acted fairly and reasonably when presenting (or choosing not to present) a chargeback on behalf of its cardholder.

We would consider it good practice for a chargeback to be attempted where the rights exist and there is some prospect of success.

The Mastercard chargeback rules relevant to the date of Mr B’s transaction state that chargebacks are available to the card issuer for transactions in which any value is purchased for gambling, investment or similar purposes. However, issuers have no chargeback rights related to the use of these chips or value, unspent chips, or withdrawal of such value, or on any winnings, gains or losses resulting from the use of such chips or value.

I am satisfied that chargeback rights are limited through the Mastercard scheme rules when it comes to claims relating to gambling, investment or similar. But they are not excluded altogether. Mastercard have clarified there may be an appropriate chargeback route if a merchant does not make funds transferred to it available for use in the type of transactions for which it received them. An example may be when the card account is charged to make a deposit, but the account balance is unaffected.

Our investigator says Mr B was blocked from accessing his trading account. This may well have been the case, but any dispute appears to have arisen after Mr B's trading account was funded. I say this having considered a telephone call note which details a conversation between Al Rayan and Mr B on 4 April 2018. The note records that Mr B said, amongst other things, he had contacted Universe Markets about a refund, and they confirmed that this could be processed but, Mr B would incur charges. To my mind, this does not suggest that Mr B's trading account was not funded – rather he tried to withdraw from it and faced issues doing so.

So, taking all the above factors together, I am not satisfied that Mr B's trading account was not funded with his deposit. It follows that the circumstances of Mr B's complaint do not attract Mastercard chargeback rights; and that Al Rayan acted reasonably at the time by not raising one. I am satisfied that Mastercard have made it clear there would be no reasonable prospect of success through its scheme for the circumstances of Mr B's complaint.

Responses to my provisional decision

Al Rayan confirmed on 6 December 2021 that it had nothing further to add to my provisional decision.

Mr B replied on 17 November 2021. He did not accept my provisional decision and submitted, in summary:

- He authorised £250 to Universe Markets, not £265.25. He argues that the 'Traders Declaration Form' he has provided supports this.
- Al Rayan has demonstrated a lack of action/response regarding his complaint. He argues when he contacted Al Rayan within hours of the disputed transaction, it lacked the knowledge regarding procedures and asked him to call back in one week.

What I have 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 considered Mr B's further submissions, I remain of the view that this complaint should not be upheld. I will explain why.

I was mindful of the declaration form Mr B has mentioned. I considered and referred to it in my provisional decision (see above). Whilst the form shows that Mr B authorised a payment of £250 – I have not seen anything in the evidence before me which sets out the actual amount Mr B was asked to pay Universe Markets. So, as I set out previously, I am unable to conclude that Al Rayan permitted an incorrect amount to be debited from Mr B's account.

I do not accept Mr B's criticisms of how Al Rayan responded to his complaint. As I set out in my provisional decision, I am satisfied that Mr B's trading account was funded with the deposit payment he made, which meant the disputed transaction did not attract Mastercard chargeback rights. Moreover, I am satisfied that Al Rayan made Mr B aware of this and did so in a timely manner.

My final decision

For the reasons set out above and before, I am satisfied that Al Rayan Bank PLC acted fairly and reasonably with regard to the disputed transaction, so I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 January 2022.

Tony Massiah
Ombudsman