

## **The complaint**

Mr D complains that Capital One (Europe) plc (Capital One) processed a payment to an online shopping site from his credit card account without his authorisation and subsequently refused to refund the payment.

## **What happened**

Mr D holds a credit card account with Capital One.

In or around August 2021, Mr D was successful in securing an item he wished to purchase through an online shopping site. Mr D's decision to purchase the item was influenced by a discount voucher promised by the site to be used against the purchase.

The shopping site conditions required Mr D to make payment using their smart device app' so that the voucher could be used. Mr D attempted to use the smart device app' to complete the transaction. The instructions suggested that Mr D should select a third-party option to process the payment from his Capital One credit card. But when he selected this option, the discount voucher wasn't applied. So, Mr D cancelled the transaction.

Upon cancelling the option to use the third-party payment option, Mr D found that the online shopping site automatically took payment direct from his Capital One credit card. Again without applying the expected discount. Mr D says he didn't authorise this transaction and no further security verification was sought to complete it.

Having been unsuccessful in resolving matters with the online shopping site, Mr D reported the transaction as unauthorised to Capital One the following day. Over the course of the following days, Capital One requested further information from Mr D, which he provided. Around 12 days after the original transaction took place, Capital One contacted Mr D and said they wouldn't be investigating matters further. They suggested he pursue matters with the online shopping site.

Mr D wasn't happy with Capital One's response to his request. So, he complained as he thought they should refund the unauthorised payment to his account. Capital One responded to Mr D's complaint in writing in early September. They thought they'd taken the correct actions and treated Mr D fairly. They said Mr D had intended to purchase the item from the online site and he subsequently received that item. But as the transaction related to a purchase made by Mr D for his own benefit, it wasn't considered fraudulent.

Mr D remained unhappy, so he referred his complaint to this service. Having considered all the facts and circumstances, our investigator didn't think Capital One had acted unfairly or unreasonably.

During the course of the investigation, Capital One confirmed that the transaction was authorised and completed by them using 'credentials on file'. This is where Mr D has used his card previously to complete a transaction with the online shopping site that had previously been verified. They said the shopping site is entitled to do this. Capital One confirmed they are unable to dispute such transactions as there is no fraudulent intent and payment was for the benefit of the card holder.

In an attempt to resolve Mr D's complaint, Capital One have offered to pay £10 as a gesture of goodwill and to recognise the online discount he didn't receive. Our investigator supported Capital One's offer.

Mr D didn't agree with our investigator's findings. He said:

- he hadn't made or authorised the transaction and thought Capital One should provide details of what authorisation and verification checks were completed; and
- he believed the transaction had resulted from a system problem or error; and
- storage of his credit card details by the online shopping site wasn't a blanket authority to take payments from his account; and
- other retailers still require payment authorisation for subsequent purchases; and
- acceptance of the goodwill payment would suggest Mr D had made the transaction, which he disputes.

As an agreement couldn't be reached, Mr D's complaint has been passed to me to consider further.

### **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.

In explaining the circumstances of the online purchase that ultimately led to the transaction on Mr D's credit card account, he confirmed that his original intention was to derive benefit from a discount voucher while making the balance payment from his Capital One account. Mr D has also confirmed that his Capital One credit card was registered with the third-party payment processor he'd originally selected when trying to complete the payment. So, I'm persuaded that it was always Mr D's intention to make any balance payment required from that account. And had the discount voucher been successfully applied, Mr D would've completed that transaction.

Capital One have explained that the transaction was referred through their system by the online shopping site as a 'credentials held' transaction. This is not uncommon and is used where consumers have previously used a site and agreed for their card details to be retained as a default payment method. So, referral of the transaction was essentially for funds authorisation and to ensure no other reason for declining the payment. In the event Mr D is unhappy that his card details were retained by the online site, responsibility would sit with him to arrange for them to be removed.

The discount voucher offered to Mr D by the online shopping site had a face value of £10. So, had the application of the voucher been successful, the balance of the transaction amount would've been paid from his Capital One credit card. As the voucher wasn't applied, it appears Mr D's only financial loss was the £10 discount. I also think it's relevant to say that Mr D did intend to purchase the item and use his Capital One card for the balance payment. So, as there's no other party involved and no apparent fraudulent or criminal intent, I don't believe there's any cause for Capital One to dispute or refund the transaction.

Capital One have offered to make a goodwill payment of £10 to Mr D in an attempt to resolve his complaint. And although they're not required to do that, I believe Capital One's offer is fair in all the circumstances here. This would essentially put Mr D back into the position he would've been, had the transaction proceeded as he'd originally intended.

I realise Mr D will be disappointed and may not agree, but as I can't find that he has suffered any other loss, I shan't be asking Capital One to do anything more. But as Capital One's offer was presented after Mr D brought his complaint to this service, I will support it in my decision.

**My final decision**

For the reasons set out above, I uphold Mr D's complaint. I require Capital One Bank (Europe) plc to make a goodwill payment to Mr D of £10.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 6 July 2022.

Dave Morgan  
**Ombudsman**