

The complaint

Mr S is unhappy with the service he received from John Lewis Financial Services Limited, trading as The Partnership Card, surrounding his request for them to recover recurring card transactions from a third-party company.

What happened

Mr S signed up to a subscription with a third-party company and arranged for the monthly payments of £13.56 due for that subscription to be paid as recurring transactions from his John Lewis credit card.

A year later, the third-party company increased the subscription payment amount to £26.06 per month. Mr S contacted John Lewis and asked them to stop all further payments to the third-party company and to recover the payments he'd already made. John Lewis referred Mr S to the third-party company which wasn't willing to reimburse the payments Mr S had already made and who also informed Mr S that he'd need to pay a cancellation fee if he wanted to end his subscription with them at that time.

Mr S wasn't happy with how matters had transpired, and so went back to John Lewis and requested the same resolution as before. John Lewis raised the matter as a dispute, but then deleted the dispute without response to Mr S after a month. Mr S wasn't happy about this, so he referred his complaint to this service.

Following contact from this service, John Lewis responded to Mr S's complaint and acknowledged that they hadn't actioned Mr S's request to stop future payments to the third-party company when they should have done in the first instance. John Lewis apologised to Mr S for this and reimbursed three-months of payments that shouldn't have been allowed to have been processed to Mr S's account, as well as credited reward points equivalent to £20 to Mr S as compensation for any trouble and upset he may have incurred.

Mr S wasn't satisfied with John Lewis's response and felt that John Lewis should have recovered all the historical transactions he'd made to the third-party company.

One of our investigators looked at this complaint. They noted that John Lewis were limited in regard to the transactions they could reasonably seek to recover by the chargeback claim rules that applied to such requests, and as such they felt that the corrective action of reimbursing the three payments to Mr S's account that John Lewis had already taken already represented a fair outcome to that aspect of Mr S's complaint.

However, our investigator felt that the £20 compensation that John Lewis had paid Mr S didn't represent sufficient compensation for the service issues that Mr S experienced, so they recommended that John Lewis should make an additional payment of £100 to Mr S.

Mr S remained dissatisfied and didn't accept the recommendation put forward by our investigator, and so the matter was escalated to an ombudsman for a final decision.

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 can appreciate how Mr S might have been disgruntled with the third-party company to whom he was paying a subscription, such that he would like John Lewis to have recovered the historical transactions that he paid to that company.

However, the recovery of such historical transactions would usually be achieved via a chargeback process. This is a process by which disputes such as this can be resolved between the card issuer – in this case John Lewis - and third-party merchants, such as the company in question, under the relevant card scheme rules.

These rules aren't set by John Lewis but are set by the card provider, whose symbol is on the card. The card provider has an agreement with credit providers as to how its cards are used, and this agreement covers when an attempt at a chargeback can be made. These rules are strict, and John Lewis doesn't have the power to change them.

It's also important to note that a chargeback claim isn't a 'right' that a customer has – it's a voluntary act, and this means that John Lewis weren't required to ask the card provider for the historical transactions to be reversed via the chargeback scheme, although it's considered good practice for John Lewis to have done so, if they thought the chargeback claim was likely to succeed.

But in this instance John Lewis didn't feel that Mr S's claim to recover the historical subscription payments was likely to succeed, and so they didn't proceed with the claim. This was because the chargeback rules set by the card provider include a 120-day time limit on payments that can be reclaimed via the chargeback scheme, and because the historical payments in dispute here were older than 120 days.

It's also notable that Mr S was aware of the monthly payments being made to the third-party company, and only sought to have the historical payments recovered on his behalf when the third-party company increased the monthly payment amount. As such, I feel that if Mr S hadn't wanted to have made these payments then it was incumbent on him to take action to stop the payments being made in the first instance, rather than seeking to have them reimbursed over a year after the payments began being made.

I'm aware that Mr S feels that he hasn't received a service for the payments, and that this provides justification for their recovery. I can appreciate Mr S's position here, but I feel that that would be a claim that Mr S would need to make to the third-party company directly, if he wished to do so. And I don't feel that Mr S's argument here should affect John Lewis's position, which is that Mr S allowed the payments to the third-party company to be made for approximately a year before requesting that they be stopped.

All of which means that I don't feel that John Lewis should take any further action in regard to Mr S's request to recover the historical payments made to the third-party company, and I feel that any ongoing complaint that Mr S has in this regard should more reasonably be directed to the third-party company itself, rather than to John Lewis, who merely facilitated the ongoing payments of which Mr S was himself aware and was authorising.

However, I do feel that John Lewis should have stopped further payments being made to the company having been notified of Mr S's unhappiness with that company when they were first made aware of this by Mr S. This didn't happen, and John Lewis acknowledged this in their response to Mr S's complaint issued in October 2021.

At that time, John Lewis arranged for the reimbursement of three monthly payment amounts to Mr S's account. This corresponded with three payments that John Lewis had allowed to be made after Mr S had first asked them to prevent future payments being taken.

By reimbursing these three payments to Mr S, I'm satisfied that John Lewis have taken the corrective action necessary to have put Mr S in the financial position he should have been in had John Lewis put a stop to future payments to the third-party company when Mr S first asked them to do so. And as explained above, I don't feel that the circumstances of Mr S's complaint here warrants the reimbursement of any payments to the third-party company that had been made before Mr S first informed John Lewis of his displeasure with that company.

Finally, it would also be expected in circumstances such as this that, as well as taking any necessary corrective action, John Lewis would also acknowledge any upset and inconvenience Mr S may have incurred, and would make a fair payment of compensation to Mr S because of this.

John Lewis did acknowledge that Mr S had been inconvenienced, and they paid compensation equivalent to £20 to Mr S because of this. However, our investigator felt that further compensation to Mr S was warranted in this instance, and so recommended that John Lewis should pay an additional £100 to Mr S.

Matters of compensation can be subjective, with an offer considered as fair and reasonable by one person not being thought of as such by someone else. But the additional £100 that our investigator recommended here does feel fair to me, given the circumstances of this complaint, and I can confirm that it's commensurate with the further compensation I would have instructed John Lewis to pay, had the recommendation not already been made.

All of which means that I'll be upholding this complaint in Mr S's favour on this limited basis only and instructing John Lewis to make a further compensation payment of £100 to Mr S, which I feel provides fairer compensation for the trouble and upset he's incurred here.

I realise this may not be the full outcome Mr S was wanting, but I hope that he'll understand, given what I've explained, why I've made the final decision that I have.

Putting things right

John Lewis must make a further compensation payment of £100 to Mr S

My final decision

My final decision is that I uphold this complaint against John Lewis Financial Services Limited, trading as The Partnership Card, on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 June 2022.

Paul Cooper
Ombudsman