

The complaint

Mr F complains that Skrill Limited hasn't done enough to assist him in recovering money he paid to a third party, A, in relation to services he says were changed after he made his payments.

What happened

Mr F used his Skrill e-money account to make payments to A. He says this was on the understanding that he would be able to use A's services to buy discounted gift cards. Mr F later agreed with A to a change in the way those services operated. A few months later he discovered that A had been deemed to be in violation of consumer rights in the way it operated its services. That operation had restricted consumers' – including Mr F – ability to access and use the money he'd paid to A.

A declined Mr F's requests for a refund. So he asked Skrill to help him get his money back. Skrill attempted to chargeback the payments. However, A defended the claim and remained unwilling to return the payments. Skrill told Mr F it couldn't assist further. But Mr F was still unhappy, and raised this complaint.

Our investigator didn't think Skrill had acted inappropriately. He noted that all the payments Mr F was seeking to recover were made prior to the change made by A, and that he'd been happy with the arrangements that caused him to make the payments. The investigator found that while Mr F's dispute with A didn't fit any specific reason code under the card scheme rules, Skrill had used a reason code that was sufficiently close. This had been raised and a defence within the card scheme rules had been received

The investigator went on to say that while there was a possibility that Skrill might have raised the chargeback using a different reason code from the one it did use, it was unlikely that this would have been any more successful. So he didn't think Skrill needed to do any more in relation to Mr F's complaint.

Mr F didn't accept our investigator's conclusions and asked for this review. In doing so, he submitted further comments as annotations to the investigator's assessment, which I summarise as follows:

- he had never been able to use 100% of the credits funded by his card payments to buy a gift card
- the changes A made were modifications to the terms and conditions of its original agreement with him. He hadn't been given the right of withdrawal or rejection of those modifications
- it was correct to say that the transactions took place prior to the change A had implemented, and that he'd been happy with the original arrangements. But he'd had to wait some time before he'd been able to download and use the gift cards he'd purchased. During that time A had changed the parameters, including restricting the types of gift card available

- the choice he was given by A in relation to the modifications was either a breach of the original terms and conditions that applied when he made his payments, or a misdescription of the nature of the change
- Contrary to the investigator's finding, A didn't offer him the option to continue with the original arrangements; only not to accept the forced conversion of the wallet top-up into credits, which either way included a limitation on use

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.

Having done so, I'm afraid I'm going to disappoint Mr F once again, because I don't think I can uphold his complaint about Skrill. Let me explain why.

Firstly, it's clear Mr F has a contractual dispute with A. But that isn't what I – or Skrill – are here to determine. Skrill's role in this matter is to see if it can assist Mr F in recovering his money from A (the merchant). Its options for doing so are rather limited. As an e-money card issuer, its only real recourse is to attempt to chargeback Mr F's payments using the relevant card scheme rules. Skrill doesn't run the card scheme itself, and has no influence over the chargeback process. And not every dispute between a customer and a merchant falls completely within the chargeback reasons in the card scheme rules.

When a card issuer starts a chargeback, the outcome is by no means guaranteed. The claim may be successfully defended by the merchant. That doesn't mean the card issuer agrees with the merchant, or that it favours one party over another. It simply means the merchant has defended the claim in line with the card scheme rules. That's what appears to have happened here. A responded to Skrill within the given period, challenging the assertion that it hadn't provided the goods or services in respect of which Mr F had made his payments.

I accept Mr F disputes A's position. His comments in response to the investigator's assessment are clear in setting out the reasons why he's dissatisfied with A and believes he should be entitled to his money back. But they don't really offer me a reason to conclude that the reason he hasn't got his money back via chargeback was because of a failing on Skrill's part. They merely highlight and clarify why he's unhappy with A, and I don't think that's in dispute.

It's important for me to emphasise that a card issuer doesn't generally adopt liability for the actions of the merchant simply because a customer pays with a card it issued. In some situations, the chargeback scheme affords customers a way of resolving their dispute with a merchant without needing to take legal action. Unfortunately, it's sometimes the case that the underlying dispute has to be resolved by other means, such as court action.

I understand Mr F's strength of feeling here. He clearly feels A's misled him and/or breached its agreement with him, and based on the evidence he's submitted (including the statements issued by the regulator in A's home country) I can see why he believes he has a strong case. But I can't see there's a basis to say this makes it appropriate for me to say Skrill should be liable to reimburse Mr F the money that he paid.

When Mr F approached Skrill, it did what it could to help. It raised a claim against A under a valid chargeback reason in the card scheme rules. A defended the claim under those same scheme rules. Skrill explained the situation to Mr F. While I'm conscious he was unhappy with the depth of its response, it included the documents received from A in defence of the

claim. I find that Skrill's response was sufficient to meet its general obligation to address customer information needs.

I'm further satisfied that, in light of A's response to the chargeback claim, Skrill was entitled to exercise its discretion in the way it did in not pursuing matters to the arbitration stage of the chargeback process. Overall, I find that Skrill has acted fairly towards Mr F in this matter.

My final decision

I've sympathy for Mr F's situation. I understand the arguments he makes about the underlying dispute with A, and he might be able to persuade a court of law to find in his favour. It is open to Mr F to seek legal advice in this respect; I can't advise him. But as I've said, that's not the issue I'm dealing with in considering the actions of Skrill.

For the reasons I've explained, I can't fairly uphold Mr F's complaint about Skrill Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 14 July 2022.

Niall Taylor
Ombudsman