

The complaint

Mr S complains about the way a chargeback claim was handled by HSBC UK Bank Plc.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

Mr S paid a £250 deposit using his credit card to a car dealer (the merchant) in February 2021. Mr S has told us he went on to settle the outstanding balance via a bank transfer from his HSBC account.

On delivery of the car, Mr S noticed a tyre was worn beyond the legal limit and contacted the merchant. But Mr S has explained the merchant wasn't willing to help him so he contacted HSBC to raise a claim.

On 18 February 2021 Mr S raised a dispute with HSBC, which progressed it as a chargeback. As part of the investigation, HSBC asked Mr S to provide some information about his claim. Mr S forwarded pictures of the tyre in question, email exchanges with the merchant, confirmation of deposit paid and name of the merchant.

Due to delays at HSBC, the claim wasn't looked at. Mr S went on to raise a complaint about the delay and HSBC sent him a response in April 2021. HSBC apologised for the delays.

The claim was reviewed in July 2021 and HSBC asked Mr S to provide further information. HSBC asked for a cover letter setting out the events, invoice and correspondence with the merchant. Mr S responded to say he'd already sent HSBC the information requested back in February 2021.

On 30 September 2021 HSBC got in touch with Mr S to say it wouldn't help with his claim. HSBC said Mr S had failed to provide the information it had asked for.

Mr S referred his complaint to this service and it was passed to an investigator. They didn't think HSBC had acted unfairly when it declined Mr S' chargeback claim on the basis that he didn't send the evidence provided. The investigator also said Mr S could raise another chargeback or Section 75 dispute if he wished.

Mr S asked to appeal and pointed out both the deposit and bank transfer were funded via HSBC accounts. Mr S also said he believed that under Section 75 of the Consumer Credit Act (CCA) HSBC was jointly responsible for the goods he purchased, along with the merchant. Mr S said that if HSBC had given him a clear response in July 2021 he would've provided more information. As Mr S asked to appeal, his complaint has been passed to me.

What I've provisionally 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've reached a different view to the investigator. Based on the information I've seen, I think Mr S' case should be upheld. I'll explain why.

HSBC says Mr S failed to provide the information it asked for during its investigation so it correctly declined his claim. But I don't think that's fair. HSBC sent Mr S a chargeback claims form which he quickly completed and returned in February 2021. It's clear Mr S put some detail into the form, providing lots of pictures that detailed his concern and wear on the tyre. Mr S also sent evidence that he'd tried to resolve the issue with the merchant without success and explained the nature of his claim. The deposit amount of £250 was quoted and the name of the merchant was given. I accept the information provided didn't include an invoice.

Mr S' claim then sat for around five months due to delays with HSBC caused by Covid. In July 2021, HSBC sent asked Mr S for more information, but I think it's reasonable to say its request was very generic in nature. HSBC asked for a detailed cover letter, but Mr S had already provided the detail of his claim in February 2021, five months earlier. HSBC asked for dates, but that had already been provided. HSBC asked for correspondence with the merchant which Mr S had, again, already provided. The pictures Mr S provided showed a worn tyre and I'm not sure what other details he could've given. The only thing I can see that HSBC required was the invoice.

I don't think it's unreasonable for Mr S to expect clear guidance from HSBC during the process of assessing his claim. I note Mr S responded to HSBC on 9 July 2021 and confirmed his view that the information requested had already been supplied. As far as the evidence HSBC has provided so far shows, the next event was HSBC's decision to decline the claim on 30 September 2021, nearly three months later. I'm not persuaded that's fair. Had someone simply asked Mr S to provide an invoice or more specific information about his claim, I'm satisfied he would've responded.

I understand HSBC was under pressure due to Covid in 2021 and that impacted timescales for assessing chargeback claims. But, I don't think the way Mr S' claim was handled was fair. Given the length of time between each event, I think HSBC should've made it especially clear what it wanted. And, as I've said above, much of the information HSBC asked for appears to have been on file.

I further note that Mr S has told us he thought a Section 75 claim had been raised, not a chargeback. It's not clear why HSBC looked at Mr S' claim as a chargeback instead of a Section 75 claim.

Based on the evidence I've seen so far, I intend to uphold Mr S' complaint. I need to decide how to fairly resolve the issues raised. Given the way Mr S' chargeback claim was handled and the timescales involved I'm not persuaded that it's fair for Mr S to have to raise a new case. I also suspect there may now be issues with scheme time limits. Mr S has told us the car he received had a worn tyre that required immediate replacement. I think the fairest way to resolve Mr S' complaint is for HSBC to compensate Mr S for the cost of his tyre – subject to evidence of the purchase.

I think it's also fair to say the way Mr S' claim was handled caused some distress and inconvenience. So I also intend to tell HSBC to pay Mr S £150 for the distress and inconvenience caused.

I invited both parties to respond with any additional comments or points they wanted to make

before I reached my final decision. Mr S responded and said he was pleased with the provisional decision and had nothing further to add. We didn't hear back from HSBC.

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.

As neither party has provided new information for me to consider, I see no reason to change the conclusions I reached in my provisional decision. I still think Mr S' complaint should be upheld, for the same reasons.

My final decision

My decision is that I uphold Mr S' complaint and direct HSBC UK Bank Plc to settle as follows:

- On receipt of evidence to show Mr S purchased a new tyre in February 2021, HSBC should refund the cost
- Pay Mr S £150 for the distress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 July 2022.

Marco Manente
Ombudsman