

The complaint

Ms R complains that Starling Bank Limited won't refund to her the money that she paid for a bed and mattress.

What happened

I've issued provisional decisions on this complaint in which I described what had happened as follows:

"Ms R made a payment of £728.66 from her account with Starling Bank in March 2021 to a retailer for a bed and mattress. There was some damage to the bed and the retailer paid £40 compensation to Ms R. Ms R then complained about some issues with the mattress. She said that it had a rip in it and it was dipping. The retailer arranged for the mattress to be inspected and concluded that there was a fault with the mattress. It said that its supplier didn't believe that there was a manufacturing defect but had agreed to provide a refund of the mattress and bed frame.

Ms R didn't receive a refund from the supplier so she contacted Starling Bank. It said that it had claimed a chargeback from the retailer but it had contested it as it had provided a partial refund, inspected the bed and mattress and offered further options. Ms R wasn't satisfied with its response so complained to this service.

Our investigator didn't recommend that her complaint should be upheld. She said that it was the supplier that had agreed to provide the refund and it's not for Starling Bank to pursue the supplier and Ms R would need to dispute it with the supplier directly. She was satisfied that Starling Bank had done everything that it was required to do.

Ms R has asked for her complaint to be considered by an ombudsman. She says, in summary, that the £40 refund was for damage to a wood panel but the bed was broken and bent which had nothing to do with the wooden frame and she's not been sent a replacement or a refund. She also says that she doesn't know who the supplier is and has had no contact with it".

I set out my provisional findings in my provisional decisions which were as follows:

"The retailer sold a bed and mattress to Ms R. There was some damage to the bed and the retailer paid her £40 compensation. Ms R then complained about some issues with the mattress and the retailer arranged for the mattress to be inspected. It then said that it had concluded that there was a fault with the mattress. It said that its supplier didn't believe that there was a manufacturing defect but had agreed to provide a refund of the mattress and bed frame.

Ms R didn't receive that refund so she complained to Starling Bank. If a consumer disputes a payment, the bank may be able to make a chargeback claim to the retailer to try to settle the dispute. There's no right for a consumer to require that a chargeback claim be made, but if the right to make a chargeback claim exists under

the applicable scheme rules - and if there's a reasonable prospect of success – I consider it to be good practice for a chargeback claim to be made.

Starling Bank said that it had claimed a chargeback from the retailer but it had contested it as it had provided a partial refund, inspected the bed and mattress and offered further options - but Ms R says that she's not received the refund that she was offered and nor have the bed and mattress been replaced.

Although the retailer has contested the chargeback, it has accepted that there's a fault with the mattress and that the supplier would provide a refund of the mattress and bed frame to Ms R. Ms R hasn't received that refund and has no relationship with the supplier so I don't consider that it's reasonable to expect her to contact the supplier about a refund.

Nor do I consider that it was reasonable for the retailer to dispute the chargeback. The partial refund related to damage to the wooden frame and after it had arranged for an inspection to take place it concluded there was a fault with the mattress. Starling Bank said that the retailer had offered further options to Ms R- but those options were a refund that she didn't receive.

I consider that it would be reasonable to expect Starling Bank to have done more to progress Ms R's chargeback claim in these circumstances. I consider that it would be fair and reasonable for Ms R to have received the refund that the retailer told her would be made to her by the supplier. As that hasn't happened, I find that it would be fair and reasonable for Starling Bank to refund to Ms R the £728.66 that she paid for the bed and mattress, with interest".

I also said: "Ms R says that Starling Bank has recorded adverse information on her credit file and she's provided evidence of a default being recorded on her credit file in January 2022. I consider that it would be fair and reasonable for it to remove any adverse information that it's recorded on her credit file which relates to, or has been caused by, the £728.66 not being refunded to her account. These events have clearly caused Ms R some distress and inconvenience and I consider that it would be fair and reasonable for Starling Bank to pay her £200 to compensate her for that distress and inconvenience".

Subject to any further representations by Ms R or Starling Bank, my provisional decision was that I intended to uphold this complaint. Starling Bank says, in summary, that:

- the retailer inspected the bed and concluded that there was no damage to the mattress – it was merely dipping due to the bowing of the bed frame caused by Ms R's use of it and the overstrain that had been put on the frame;
- the retailer offered a solution of reinforcement and monetary compensation;
- the retailer indicated that the supplier, whilst confirming there were no manufacturing faults or damage to the item, was willing as a gesture of goodwill to refund Ms R;
- there's no admission of fault aside from an incorrectly worded email from the retailer and the refund hasn't been offered due to defective manufacturing but only as a gesture of goodwill and the offer is, as far as it's aware, still an option for Ms R;
- Ms R says that she understands that the mattress doesn't have issues but it was damaged on arrival, is extremely high for the bed and isn't of good quality;
- the retailer confirmed that the damage was a cut that appeared to have been caused during unpacking and the mattress being too high for the bed or of a

perceived low quality is mere speculation; and

- Ms R has a history of disputing payments and her account is being closed – but it's in arrears which need to be cleared before it can be closed.

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 not persuaded that I should change the outcome that was set out in my second provisional decision.

Whether or not there was a fault with the bed and/or mattress, the supplier had agreed to provide a refund of the money that Ms R had paid for the bed and mattress. That offer was made by the supplier to the retailer and I've seen no evidence to show that Ms R has had any dealings with the supplier. I consider that it would be reasonable to expect the retailer to have arranged for the £728.66 to be refunded to Ms R.

No refund was received by Ms R so she contacted Starling Bank and it claimed a chargeback from the retailer. The chargeback was defended by the retailer but I don't consider that it was fair or reasonable for the retailer to have defended the chargeback. I consider that it should have either made the refund to Ms R at that time or arranged for the supplier to make the refund to her.

I consider that Starling Bank should have done more to assist Ms R in these circumstances and, had it done so, I consider it to be more likely than not that she would have received the refund that she was expecting to receive. For that reason I consider that Ms R's complaint should be upheld. I'm not persuaded that Ms R's history of disputing payments or the status of her account is enough to show that the actions that I've said that Starling Bank should take are unfair or unreasonable.

Putting things right

I find that it would be fair and reasonable in these circumstances for Starling Bank to take the actions described in my second provisional decision, and as set out below.

My final decision

My decision is that I uphold Ms R's complaint and I order Starling Bank Limited to:

1. Refund £728.66 to Ms R's account.
2. Pay interest on that amount at an annual rate of 8% simple from the date of payment to the date of settlement.
3. Remove any adverse information that it's recorded on Ms R's credit file which relates to, or has been caused by, the £728.66 not being refunded to her account.
4. Pay £200 to Ms R to compensate her for the distress and inconvenience that she's been caused.

HM Revenue & Customs requires Starling Bank to deduct tax from the interest payment referred to above. Starling Bank must give Ms R a certificate showing how much tax it's deducted if she asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 16 February 2023.

Jarrold Hastings
Ombudsman