

The complaint

Mrs S complains that Santander UK Plc did not raise a chargeback dispute about her debit card purchase of drain repairing services.

What happened

In August 2022 Mrs S paid a third party to repair her drains. She paid about £4,800 with her Santander debit card. The repair work was botched and so she asked for a refund. During the following weeks the merchant sent her emails which she describes as abusive and threatening, and she found the whole experience very stressful.

Mrs S obtained a report from an independent party to confirm that the work had not been carried out properly. She then had to instruct another party to carry out the work from scratch.

In September she asked Santander to raise a chargeback dispute, but Santander declined. She complained, and Santander's complaint handler raised the matter with the disputes team again, but the decision remained the same. The explanation given was "it appears that your dispute does not fit chargeback criteria." Santander apologised and paid her £50 as a gesture of good will.

A few days later, Mrs S succeeded in persuading the merchant to pay her a full refund. She then brought this complaint to our service.

Our investigator upheld this complaint. He thought that Santander should have attempted a chargeback. He wasn't sure whether it would have been successful, but he thought that if Santander had at least tried, then this might have alleviated some of Mrs S's stress while the matter was ongoing. He recommended that Santander pay Mrs S another £100, in addition to the £50 it had already paid.

Santander agreed to pay another £100, but Mrs S said it was not enough to reflect what had happened to her during her ordeal. However, the investigator said that this had been mostly due to the merchant's conduct, for which Santander was not responsible. Mrs S asked for an ombudsman to review her complaint.

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 agree with the investigator's opinion of this case. I will explain why.

I am satisfied that Santander should have raised a chargeback. Mrs S has supplied clear and convincing evidence that the work carried out by the merchant was completely inadequate. I think this could and should have been dealt with under the chargeback code "Goods or Services Were Either Not as Described or Defective".

Instead, correspondence between Santander and Mrs S suggests that Santander's disputes

team considered her claim under the wrong chargeback code. A letter from Santander dated 17 September asked her to provide two irrelevant things: the date when the service was cancelled (it wasn't), and confirmation from the merchant that she was due a refund (the merchant had not agreed to refund her). This is consistent with Santander investigating a chargeback under the reason "Credit Not Received", which was inapplicable in Mrs S's case. That is a clear error by the bank, and it must have caused her some confusion and no doubt irritation as well.

Fortunately, the merchant voluntarily (albeit after a great deal of time and trouble and a threat of legal action) refunded Mrs S the full amount she had paid. That happened eight days after Santander had declined her claim for the second time, and 22 days after the first decline.

I accept that Mrs S found the whole situation unbearable and overwhelming, but I think that it was primarily the merchant which caused this. Santander is not responsible for what the merchant did, but I do think that it should pay further compensation for its own error. I think that another £100 would be fair compensation.

My final decision

My decision is that I uphold this complaint. I order Santander UK Plc to pay Mrs S £100 (in addition to the £50 it has paid her already).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 17 August 2023.

Richard Wood
Ombudsman