

The complaint

Miss M complains about the way American Express Services Europe Limited (AESEL) handled her chargeback claim.

What happened

Miss M purchased an item online but when it was received it wasn't as described. Miss M requested a refund from the retailer and asked to return the item. The retailer didn't provide return details and instead offered Miss M a voucher. Miss M said she didn't want a voucher and said she wanted to return the item for a refund. Miss M didn't receive a response from the retailer so she raised a chargeback with AESEL.

AESEL asked Miss M to provide proof that a refund had been agreed by the retailer and applied a temporary credit to her account. The retailer disputed the chargeback and AESEL reapplied the amount previously credited to Miss M's balance and advised Miss M that the dispute had been closed in the retailer's favour.

Miss M provided evidence to AESEL showing that she had contacted the retailer within 7 days of receiving the item but hadn't been able to return the item because the retailer hadn't provided details of how to return it. Following this, AESEL re-opened the chargeback and applied a credit to Miss M's account.

Miss M brought her complaint to this service. She said she wasn't sure of the outcome of her chargeback claim and said that every time she opened the dispute the transaction was credited and then re-applied by AESEL. Miss M said there was total confusion as to whether the amount she'd paid for the item would be credited to her account.

Our investigator upheld the complaint. She said the chargeback should have been found in Miss M's favour the first time because Miss M had evidenced that the wrong item was received and that she'd been entitled to return the item, but the retailer had failed to facilitate this. The investigator said that AESEL hadn't handled the chargeback claim well and had left Miss M unsure of the outcome. The investigator said that AESEL should pay compensation of £100 to Miss M, along with the credit to her account for the transaction.

AESEL didn't agree. It said that as part of the chargeback investigation, where an item was not as described, the item had to be returned. AESEL said that Miss M had provided evidence that the item wasn't as described when she made her chargeback claim but said she hadn't provided evidence that the retailer had failed to provide return details. AESEL said it was only when the chargeback was re-opened that Miss M had brought this evidence to light.

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.

Chargebacks are a voluntary scheme. How it works is that the card issuer checks the

complaint against possible chargeback reasons to see what evidence is required and under what timescales. This is so it can decide whether or not it can make a successful claim for the customer. Card issuers don't have to submit claims and will only do so if they believe they have evidence which will back up a chargeback claim so it will be successful. This service expects card issuers to help if they can, but we don't expect them to raise a chargeback if there is little prospect of success.

I've looked at Miss M's request to AESEL to raise a chargeback to see whether AESEL handled the chargeback fairly.

The initial chargeback claim was raised on 14 November 2022. Miss M provided evidence to show that the wrong item had been received and that she'd contacted the retailer within 7 days of receiving the item asking for details of how to return the item for a full refund. The correspondence between Miss M and the retailer showed that the retailer hadn't provided details of how to return the item for a refund and had instead offered a voucher to Miss M, which she had made clear that she didn't want.

I've considered the evidence provided by Miss M to support the initial chargeback claim. AESEL has said that Miss M hadn't provided evidence to show that the retailer hadn't provided returns details. However, I think Miss M did provide evidence of this. If AESEL had considered the correspondence between Miss M and the retailer it would have seen that the retailer had failed to respond to a request from Miss M to provide returns details. Based on what I've seen, I think AESEL could have determined the chargeback in Miss M's favour based on the evidence she had supplied.

Although AESEL determined the chargeback in Miss M's favour when the chargeback was re-opened, this was on the basis of the same evidence that Miss M had supplied previously. I can't see that Miss M provided any new evidence when the chargeback was re-opened.

Taking everything into account, I think the chargeback could have been handled better by AESEL. The chargeback was subject to delays caused by AESEL not considering the evidence provided by Miss M properly. This has caused trouble and upset to Miss M for which I think it's fair to ask AESEL to pay compensation.

AESEL has told this service that it settled the chargeback on a goodwill basis and credited Miss M's account, but it doesn't appear that Miss M was made aware of this which has caused her further confusion. Miss M still isn't clear what sum has been credited (if any) and AESEL will need to clarify this with Miss M. I think AESEL should credit the full purchase price of the item (if it hasn't done so already).

Putting things right

To put things right, AESEL must:

Confirm to Miss M that the sum of £87.73 has been credited to her account and provide her with a statement showing this

Pay compensation of £100 to Miss M for the trouble and upset caused to her by the handling of the chargeback

My final decision

My final decision is that I uphold the complaint. American Express Services Europe Limited must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 11 October 2023.

Emma Davy
Ombudsman