

## **The complaint**

Mrs T and Mr T complain to Citibank UK Limited about the way it handled a dispute they raised with it.

## **What happened**

Mrs T and Mr T bought a large order of windows and electric roller blinds and used their Citibank debit card to place a deposit.

In summary, Mrs T and Mr T were unhappy with the quality of the goods and installation. They said that the product manufacturing was a much lower standard to what the supplier led them to believe they would be getting.

Mrs T and Mr T were not able to resolve the dispute with the supplier so they approached Citibank for help.

Citibank raised a chargeback but this was unsuccessful. Mrs T and Mr T did not think that Citibank had done enough – and were unhappy with its customer service so they complained.

Our investigator looked into the complaint. She partly upheld it. In summary, she concluded:

- Citibank followed the chargeback process correctly and were not wrong in discontinuing the dispute because the chargeback was unlikely to have succeeded;
- Section 75 of the Consumer Credit Act 1974 ('Section 75') does not apply to this case; and
- Citibank's customer service could have been better and it should pay £150 compensation for this.

Mrs T and Mr T disagreed. In summary, they say:

- they have submitted hundreds of photos and tens of thousands of words of evidence which overwhelmingly shows that they were mis-sold and received a poor quality product;
- chargeback is the equivalent to Section 75 but for debit cards and they have every legal right to get back what they paid on the card;
- Citibank did not explain under what circumstances any refund would be taken back – and did not ask them to provide evidence to counteract the claims of the supplier.

The matter has come to me to decide as ombudsman.

I issued a provisional decision on this matter where I concluded:

*I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*I note Mrs T and Mr T have submitted a significant amount of evidence – both written and photographic about the dispute they have with the supplier. However, I am focusing here on what I consider central to the complaint which is how Citibank handled the chargeback. I won't be commenting on every bit of evidence – but I do not wish this to be taken as a discourtesy. It just reflects my role as an alternative to the court in resolving disputes informally.*

*I think it is worth underlining here that I am deciding what is fair based on the actions of Citibank in assisting with the dispute and not the underlying dispute Mrs T and Mr T have with the supplier. Citibank did not supply the goods and services so when deciding what is fair and reasonable here I am considering whether it acted fairly in its role as a provider of financial services.*

*When a card payment is made there are usually two main avenues to consider regarding a dispute about what was purchased. Section 75 and chargeback. However, in the case of a debit card Section 75 does not apply. I note that a debit card was used here so I only consider chargeback to be relevant.*

#### *The chargeback process*

*For clarification, despite Mrs T and Mr T's comments, chargeback and Section 75 do not work in the same way. For example, Section 75 is a legal right whereas chargeback is a commercial process run by the card schemes. Chargeback is limited to particular and specific chargeback rules and can only possibly recover the amount paid on the card.*

*While chargeback is limited by specific rules it can be useful – and it is often good practice for a financial business to use the process. But it has its limitations – and is not guaranteed to recover money. Furthermore, the ultimate decision making, should it reach the end of the process (called arbitration) is made by the card scheme – which has to be kept in mind when deciding what is fair and reasonable in the dispute here.*

*I note the card scheme in this case is Mastercard – so I have considered the rules in place at the time when deciding what is fair and reasonable. Looking at what Citibank did it appears that it raised a chargeback for Mrs T and Mr T in respect of goods or services not being as described or defective. This appears to be an appropriate reason code to attempt to recover the money.*

*I note the supplier then submitted a lengthy and detailed defence in June 2022 refuting the claims that had been made by Mrs T and Mr T and also indicating that it was willing to resolve specific issues but had no response when it tried to make an appointment.*

*At that stage Citibank did not automatically take the dispute further. However, it says that it wrote to Mrs T and Mr T on 27 June 2022 with a 'denial letter' with the merchant response attached. It says that this letter offered Mrs T and Mr T the opportunity to re-open their enquiry and gave them 10 days to submit further information. Citibank don't appear to have a copy of this letter but has sent us a template of the wording it would have contained.*

*Assuming that Mrs and Mr T got the letter (I will come onto the possibility that they didn't later) I think that Citibank had acted fairly up until this point. There was a reasonably detailed rebuttal from the supplier which (regardless of who was right here) at least put the merits of*

*the dispute in question. So I don't think Citibank was wrong in pausing the process and asking for more information.*

*It then appears that Mrs T and Mr T responded with more information. They say in their complaint form:*

*Due to the magnitude of the problem (lies, deceit, tax fraud, misold products, endless calls and emails), our son helped us write a complaint to Citi in September 2022 which explains things in far greater detail.*

*There are 144 points raised in there and over 24 THOUSAND words to clarify in extensive detail with dozens and dozens of supportive different pieces of evidence.*

*However, Citibank says the information came too late for it to take the matter to arbitration. It says it had 75 days to do so from when the merchant presented its defence. From what I can see Citibank appear to be right here.*

*So looking at what happened on face value it appears that Citibank made a reasonable attempt to make a chargeback for Mrs T and Mr T but it was out of time for a follow up.*

*Saying that – I have considered that Mrs T and Mr T might not have received the letter Citibank says it sent them on 27 June 2022. I can see some correspondence in August 22 on the system notes where Mrs T and Mr T question what this letter is – I also note that Citibank can't locate the original letter on its file. So there are question marks over what happened here with the letter inviting further submissions – although I note that Mrs T and Mr T do appear to have at one stage received the merchant defence.*

*It could be argued that regardless of this letter Mrs T and Mr T reasonably knew they could submit more information about the dispute (which they did do in the end) and that due to the quantity of information they provided it would have not necessarily have come any sooner (and within the chargeback time frames). However, I have considered whether a possible mistake by Citibank in not communicating the timeframe for submitting new information means that it would have to do something to put things right in any event.*

*So I have turned to what the likely consequences are of the dispute not being considered at arbitration. In doing so I note the following:*

- this is a complex dispute with several allegations and the supplier strongly contesting the customer account and vice versa;*
- there are extremely lengthy submissions provided - some of which appear to require translation;*
- there appear to be no independent expert reports to support Mrs T and Mr T's case; and*
- there are several allegations being made against the supplier by Mrs T and Mr T including those of a criminal nature – suggesting that the dispute would be more suited to a court of law.*

*Due to the nature of the dispute I think there are doubts as to how the card scheme would approach the matter and whether it would consider it was able to make a decision here. But in any event – I don't think there is a clear cut case of one party being more likely to succeed*

*than another. So I don't think it is fair to say that Citibank should refund Mrs T and Mr T as if they had won the chargeback in the particular circumstances.*

#### **Customer service**

*I note Citibank does not dispute that its customer service could have been better here. It did not appear to communicate well with Mrs T and Mr T at times, for example about the nature of the temporary credit. I can see how that would be upsetting for them. Mrs T and Mr T point out how this can cause a financial shock if for example the money was needed to pay for an urgent health matter and then taken back. However, I don't think this happened here. Furthermore, without clarity from Citibank or the supplier to confirm the dispute had been conceded I don't think it would have been reasonable for them to treat this money as their own noting the ongoing dispute and issues surrounding it.*

*As I have also discussed – I think it is possible that Citibank did not clearly outline to Mrs T and Mr T the process and timeframes for submitting more information. This would have been frustrating too. Citibank has agreed to pay £150 to reflect its customer service failings – and noting the impact here and the scale of our awards I think this is fair and reasonable to reflect the distress and inconvenience caused.*

#### **My provisional decision**

*I partly uphold this complaint and direct Citibank UK Limited to pay Mrs T and Mr T £150 in compensation.*

I asked the parties for their comments.

Citibank agreed with my decision.

Mrs T and Mr T did not agree and set out reasons why.

#### **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.

In response to my provisional decision Mrs T and Mr T's representative has written at length as to why they consider a refund is due. However, although I have read and considered these submissions and note the strength of feeling I don't think it adds anything new to the case. The issues that have been raised are sufficiently covered in my provisional findings (as copied above).

I do note that Mrs T and Mr T continue to mention Section 75 – to be clear this does not apply to debit card transactions so is not relevant to my decision here.

I also note that a large focus of the response to my decision is in respect of criminal allegations and matters of personal safety. It is important to underline this isn't something that this service is in a position to consider so I won't be commenting on these further. My focus is on how Citibank handled the chargeback claim.

Because the parties have not added anything that changes my provisional findings I am deciding this complaint on the same basis. I still consider these to be fair and reasonable in the particular circumstances here.

**Putting things right**

If Mrs T and Mr T accept my findings then Citibank should pay £150 compensation for the reasons I have already set out in my provisional findings. However, for the reasons set out in these findings I do not consider it need fairly pay more than this.

**My final decision**

I partly uphold this complaint and direct Citibank UK Limited to pay Mrs T and Mr T £150 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T and Mr T to accept or reject my decision before 4 September 2023.

Mark Lancod  
**Ombudsman**