

## **The complaint**

Mr D complains that HSBC UK Bank Plc hasn't dealt with his chargeback claim correctly.

## **What happened**

On 14 January Mr D made a payment of £18,550 to B, a retailer, using his HSBC debit card. He says B told him it didn't have the goods in stock and gave a delivery date of 21 January, but that this date passed without him receiving the goods. Mr D adds that a couple of days later he had an email exchange with B in which the retailer told him the stock was delayed, and that it would refund his payment. However, he's not received the goods or a refund.

Mr D subsequently asked HSBC to see if it could recover his payment as he hadn't received the goods. The bank raised a chargeback on this basis, to which B submitted a defence that it had supplied the goods to Mr D at point of sale. Both Mr D and B have provided conflicting invoices for the transaction. Mr D wanted HSBC to progress the chargeback claim to an arbitration stage within the card scheme rules. But based on B's response, HSBC was unwilling to do this.

Mr D's unhappy that HSBC wouldn't escalate the chargeback claim and that this has caused him to lose his money. In response to Mr D's complaint, HSBC acknowledged some service shortcomings and errors in the information it gave him. While the bank said these hadn't affected the outcome of the claim, it paid Mr D £150 by way of apology.

Our investigator felt HSBC had dealt with the chargeback claim correctly, notwithstanding its acknowledged shortcomings. She considered the evidence – which included call recordings from the point of sale – supported the bank's decision not to escalate the claim. Following Mr D's referral of his complaint to us, the bank had offered a further £75 in an attempt to settle matters. The investigator thought that was fair. But Mr D didn't accept the investigator's conclusions, maintaining his view that HSBC was negligent in deciding not to take his case forward for arbitration. He's asked for this review.

## **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 going to require HSBC to take any further action in relation to Mr D's complaint. I'll explain why.

Mr D's chargeback request was based on what he alleges to be a failure to provide the goods he paid for. I'm conscious Mr D has focused on what he considers to be the relative strength of his arguments in his dispute with B. But as the card issuer HSBC's role here was to raise the appropriate chargeback, and consider whether any filed defence complies with the relevant chargeback rules. It can then take a view on whether to escalate the dispute to arbitration by the card scheme. From what I can see, that's precisely what HSBC did. B responded with a valid defence, which HSBC considered suggested the matter was not appropriate to be put for arbitration through the card scheme.

I appreciate Mr D might hold different views about the bank's decision. But that doesn't mean it was negligent not to escalate the claim. That would require the bank was under a duty to escalate the claim. There's no such obligation in the card scheme rules; the matter is at the discretion of the card issuer in such circumstances.

I've thought about how HSBC exercised that discretion. And I'm satisfied it took into account relevant factors; the conflicting documentation supplied by the parties along with the bank's own call recordings – in which B can clearly be heard asking Mr D to sign to say he had received the goods – all speak to the reasonableness of the bank's decision not to progress the claim. I'm aware our investigator discussed the content of these call recordings with Mr D. I'm not satisfied his response is sufficiently persuasive for me to say they shouldn't have formed part of the bank's decision-making.

On a final note, I don't accept Mr D's contention that the bank's decision not to escalate his claim to arbitration has caused him loss. Whether he has suffered a loss remains a matter to be determined, and chargeback isn't the only mechanism by which this can be achieved. Mr D remains free to pursue his underlying claim against B through the courts, should he wish to do so.

Like the investigator, I don't think there's a basis on which I could properly expect HSBC to take any further action or pay Mr D any more than the £225 it has already offered (and paid in part) in resolution of his complaint. As I understand his account has been closed, I will leave it to the parties to agree a suitable way of paying any residual sum, if accepted.

### **My final decision**

My final decision is that to settle this complaint, HSBC UK Bank Plc should pay Mr D a total of £225 (inclusive of any amounts already paid), as it has already offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 19 October 2023.

Niall Taylor  
**Ombudsman**