

## **The complaint**

Mrs F complains about the way Sainsbury's Bank Plc ('SB') handled her claim.

## **What happened**

The facts of this case are well known to the parties so I will cover them briefly here and focus on giving reasons for my decision.

Mrs F paid for an insurance product priced at around £35 using her SB credit card. However, she said she cancelled it within the 14 day cancellation period but the supplier failed to refund her.

Mrs F got in touch with SB to raise a dispute in October 2022 – however, she was unhappy with how long it took to progress her claim, and contacted this service to say it had been unresponsive.

Our investigator didn't think that SB had to fairly refund Mrs F for the premium. In summary, he thought that a chargeback didn't have a reasonable chance of success and Section 75 of the Consumer Credit Act 1974 ('Section 75') did not apply to the transaction due to the specific requirements for a valid claim relating to the price of the product.

Mrs F has asked for an ombudsman to look at things.

I issued a provisional decision in which I said:

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

*I have considered the evidence and arguments provided by the parties – I won't be commenting on everything though. Not because I intend a discourtesy to either party – it simply reflects the informal nature of our service in resolving disputes.*

### *Delays / customer service*

*SB has said that it doesn't mind this service looking the outcome of the claim but notes Mrs F's initial complaint to it was about delays.*

*I agree Mrs F had previously complained to SB about delays which it responded to in December 2022. However, I note Mrs F then got in touch with this service in April 2023 when she still had not had the refund she wanted from SB. It appears that following SB's response about delays on 23 December 2022 it then wrote to and asked Mrs F for more information about her claim a few days later (on 28 December 2022). Mrs F said she responded to this straight away and has shown us a copy of a cover letter dated 30 December 2022 where she says she enclosed the additional information SB needed for the claim to progress.*

*Mrs F said she simply didn't hear back from SB after that point. She says she didn't even get an acknowledgement. So she wrote to this service about it in April 2023. This service then wrote to SB including information showing Mrs F was still unhappy she hadn't heard back. SB has now had sufficient time (and in excess of eight weeks) to consider and respond to this.*

*I consider the complaint Mrs F got in touch with this service about was ultimately about SB's continued failure to refund her. So in looking at this I consider all aspects of the claim handling in deciding if SB made an error – and what (if anything) should be done to fairly put things right.*

*I note that after Mrs F had got in touch with this service about the ongoing delays SB eventually responded with a claim outcome letter in May 2023 where it confirmed it had got the additional information she sent in but that it wasn't able to refund her.*

*I note that Mrs F raised her original dispute with SB in October 2022 yet it apparently took around two months to request more information and then another five to provide an outcome. So the dispute effectively took around 7 months to look into. Furthermore, it appears that only when Mrs F expressed her dissatisfaction at different stages, in December 2022 and in April 2023 (through this service), did SB provide any significant update about her claim.*

*I note the following from FCA guidance issued on 1 April 2021 in regard to handling claims:*

*We expect credit and debit card providers to handle section 75 and chargeback claims in a reasonable timescale, and remind firms of their obligations to treat customers fairly. If there are delays in processing claims, firms should clearly explain the reason for the delay.*

*I don't see that SB kept Mrs F well informed about what was happening with her claim. Furthermore, SB accepts that in January 2023 it received the terms and conditions Mrs F sent and from these it was clear that it had no means of proceeding with the claim. So I am unsure why it took so long for it to eventually give an answer. In the context here the time taken to give Mrs F an answer seems unreasonable. SB should reasonably have been in a position to provide an answer before Mrs F got in touch with this service about it.*

*Had SB given an answer sooner I don't think it would likely have changed things (see below where I consider the claim outcome in more detail). I also note SB wasn't charging interest on the amount in dispute while it was considering things (albeit this would have been minimal considering the small amount in dispute). However, I do consider that the overall handling of the claim has caused Mrs F inconvenience and frustration. I have considered our scale of awards for this and the particular circumstances here. After doing so and noting the length of time to give an answer and lack of pro-active communication and acknowledgement (leading to Mrs F chasing) I think a modest amount of compensation of £75 is due here.*

*The outcome of the claim*

*In determining SB's failure to provide an outcome, in factoring in fair redress I might go on to consider what a fair outcome might look like noting the likely merits of Mrs F's claim in respect of chargeback and/or Section 75.*

*I note that SB has now provided a claim outcome and refused to refund Mrs F. However, in the interest of completeness (and noting SB has not objected in any event) I have*

*considered if this is fair. In summary, I have considered the provisions of Section 75 and the relevant Mastercard chargeback rules and think that SB's refusal to refund Mrs F is not unreasonable here because:*

- a chargeback (for something like 'Credit Not Processed') would be unlikely to succeed because there wasn't persuasive evidence Mrs F followed the terms and conditions for cancellation which are clear (in the section 'How do I cancel the contract?') that a specific email address 'must' be used when initiating a cancellation; and*
- Section 75 does not apply to this transaction because the product which is the subject matter of the dispute was not priced by the supplier at greater than £100.*

*However, as I have said – I do think that SB should pay compensation for its handling of the claim overall.*

### ***My provisional decision***

*I direct Sainsbury's Bank Plc to pay Mrs F £75 for distress and inconvenience caused.*

I asked the parties to comment. Mrs F did not respond. SB agreed to resolve things based on my provisional decision.

### **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.

Neither party has given me cause to change my provisional findings. Therefore, I uphold this complaint on the same basis.

### **Putting things right**

SB should pay Mrs F compensation for the reasons detailed in my provisional findings (as copied above).

### **My final decision**

I direct Sainsbury's Bank Plc to pay Mrs F £75 for distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 6 October 2023.

Mark Lancod  
**Ombudsman**