

The complaint

Mrs J complains that Sainsbury's Bank Plc won't refund a payment she made using her credit card.

What happened

In March 2023, Mrs J used her Sainsbury's credit card to make a purchase for some goods totalling £3,230.45. She was notified that the transaction was declined by Sainsbury's and she says she decided not to attempt the transaction again as she had changed her mind about making the purchase.

Mrs J called Sainsbury's to confirm that the transaction hadn't gone through. Sainsbury's told her it hadn't. However, this wasn't correct. The merchant had attempted to take the payment twice on the day Mrs J had given it her card details. While the first attempt was blocked, the second attempt had been successful.

When the money debited her credit card account, Mrs J called Sainsbury's to dispute the charge. Sainsbury's looked into the dispute but concluded that there were no valid grounds to provide Mrs J with a refund. This was because she had authorised the payment with the merchant by giving over her card details, she had received the goods and there didn't appear to be any problem with them. However, it agreed to pay Mrs J £300 compensation for the poor service it had provided her by not correctly informing her of the status of the payment to the merchant.

Our investigator didn't recommend the complaint be upheld. He didn't think Sainsbury's had acted unfairly in not refunding the payment. This was because there was no reasonable prospect of success of it getting a refund through the chargeback scheme, nor was there any breach of contract or misrepresentation by the merchant that might make Sainsbury's liable under section 75 of the Consumer Credit Act 1974 ("section 75"). He considered the £300 compensation it had paid for the poor service was fair and reasonable.

Sainsbury's accepted that outcome, but Mrs J didn't. In summary, she said that she had repeatedly tried to cancel the order with the merchant but her requests had been refused. Further, she didn't agree she had authorised the transaction because she had received a message to say it had been declined. She said Sainsbury's had not done enough to protect her money.

The complaint has been passed to me for a final 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.

Mrs J says she didn't authorise the transaction with the merchant. However, what she appears to mean by this is that she did not authorise them to attempt it twice. While the merchant did have to attempt the transaction twice until it was successful, there appears to

be no dispute that Mrs J knowingly and willingly gave her card details over to the merchant with the intention of paying for the goods she was ordering. So, I'm satisfied that she did authorise the merchant to debit her credit card for the amount it did and for that specific purpose.

As she paid for the goods using her Sainsbury's credit card and asked it for help in getting a refund, I've thought about whether Sainsbury's did all it reasonably could to assist her.

One way in which Sainsbury's could have pursued a refund was through the chargeback process. This is operated by the relevant card scheme and is a way in which payment settlement disputes are resolved between card issuers (such as Sainsbury's) and merchants. In certain situations, such as where goods aren't supplied or are misrepresented, the scheme provides a way for Sainsbury's to ask for a refund of a payment Mrs J made.

Sainsbury's isn't obliged to process a chargeback, but I would consider it good practice for it to do so where the right exists and where there was a reasonable prospect of success. Having thought about the relevant circumstances here, I'm satisfied there was no reasonable prospect of success, so I don't think Sainsbury's acted unfairly in not initiating a chargeback.

I say this because Mrs J authorised the transaction, she was charged the correct amount, she received the goods and hasn't returned them and there appears to have been nothing wrong with the goods nor do they appear to have been misrepresented. There were therefore no grounds for a chargeback to be processed or one which might have some chance of success.

I've also considered whether Sainsbury's might have been liable to refund her under section 75. However, for much the same reasons, I don't think they were.

The general effect of section 75 is that if Mrs J has a claim for breach of contract or misrepresentation against the merchant she bought the goods from, she can bring a like claim against Sainsbury's (as the provider of the credit). However, I've not seen anything to persuade me there was a breach of contract or misrepresentation by the merchant.

The goods that Mrs J ordered were delivered as agreed and at the price that was agreed. I've not been presented with any evidence to demonstrate that the goods didn't conform to the contract or that the merchant was required to accept her request to cancel the order. The goods were made to order and the merchant's terms made it clear that once the order is processed that no refund would be possible. Mrs J accepted these terms when she placed her order. I therefore don't think Sainsbury's has acted unfairly in not providing a refund to Mrs J.

Lastly, Sainsbury's has accepted it provided Mrs J with poor service. It incorrectly told her that the payment hadn't been taken and this understandably caused her upset when she later discovered that it had. However, as I've set out above, Mrs J did place the order with the merchant and has received the goods she paid for, so I'm satisfied the £300 compensation Sainsbury's has already paid is a fair and reasonable way to put things right for the poor service it provided.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 10 June 2024.

Tero Hiltunen
Ombudsman