

The complaint

Mr H complains about the outcome of a chargeback that was initiated by Starling Bank Limited ("Starling"). He also complains that Starling contacted him for repayment of the disputed amount.

What happened

Mr H purchased a watch online from an overseas marketplace and paid £306.70 for this using his debit card. When he received the watch, Mr H contacted the marketplace saying the watch was completely different to what he'd ordered and how it had been described. He told them he wanted to return the watch and to get a refund.

Mr H says the marketplace failed to provide an answer to his dispute and so he contacted Starling for help. Starling raised a chargeback, and re-credited Mr H's account with the £306.70 he'd paid, but the chargeback was defended by the merchant. Starling then asked Mr H whether he could provide further evidence about his claim in the form of an independent report from a suitable expert or professional.

Mr H told Starling that he'd sent in enough evidence for them to pursue the claim further and explained that he wasn't able to get a report because of the Covid-19 lockdown restrictions that were in place. Starling said they couldn't do anything further and re-debited the £306.70 from Mr H's account.

Mr H complained about how Starling had handled the chargeback and how they'd contacted him for payment of the £306.70. Starling didn't uphold the complaint and said they'd acted in line with the requirements set by Mastercard in respect of the chargeback. And they said they hadn't acted excessively in contacting him for repayment of the disputed amount.

Mr H wasn't happy and so referred his complaint to us. Our investigator didn't recommend that the complaint should be upheld. He felt Starling had handled the chargeback reasonably and in accordance with the rules set by Mastercard. And he didn't feel that Starling had acted unfairly in asking Mr H to repay the money as his account had gone overdrawn when they had re-debited his account.

Mr H didn't agree. He said Starling acted unfairly by asking him to get a report when it was impossible to get one, and that they didn't help him properly and logically with his dispute.

As the matter remains unresolved, Mr H's complaint has been passed to me to 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.

A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant card scheme rules. What this means here is that Starling can in some circumstances ask for a transaction to be reversed if there's a

problem with the goods or services supplied by the merchant that the consumer paid for. But the chargeback process doesn't give the consumer legal rights and it isn't guaranteed to result in a refund. It all depends on what the merchant says in response to the request the bank submits.

There first must be a right to apply for a chargeback under the card scheme rules. And I'd consider it to be good practice for Starling to raise a chargeback if it has a good chance of being successful. It's important to note that chargebacks are decided based on the card scheme's rules, not the relative merits of a cardholder/merchant dispute. So, it's not for Starling, or me, to decide whether Mr H should get his money back for the disputed item. Starling should raise the appropriate chargeback and consider whether any filed defence complies with the relevant chargeback rules. From what I've seen, that's what Starling likely did in respect of the claim. I'll explain why.

Starling raised a chargeback for Mr H under the code 'goods and services were either not as described or defective' and the merchant defended the claim. And the merchant's defence was enough to mean the chargeback for that particular claim didn't succeed. Where the merchant challenges a chargeback, a bank doesn't have to carry out a detailed investigation into what actually happened to decide which party deserves the money. In fact, most banks won't take a chargeback any further if it's defended. In this case though, Starling asked Mr H whether he could provide further evidence to support his claim. As Mr H didn't do so, Starling decided not to take the dispute any further because they didn't think it had a reasonable prospect of succeeding.

I can't say that Starling made any mistake or acted incorrectly by making that decision. It wasn't the case for example that the merchant's defence was noticeably poor or lacking in credibility. And I don't agree that the evidence Mr H had previously submitted was enough for Starling to think differently. I appreciate Mr H feels otherwise, but I don't think that the photos he sent to Starling of the advert for the watch and of the watch he'd received in and of themselves clearly showed the merchant's evidence to have been lacking. I can understand why Starling asked for a report from an expert and I'm satisfied that they asked for this in a bid to determine whether they could take the chargeback further.

I appreciate of course the difficulties Mr H would have had in being able to provide an expert report when there were Covid-19 lockdown restrictions in place. However, without further evidence I think Starling were entitled not to take the claim any further.

So, with all this in mind, I'm satisfied that Starling dealt with Mr H's chargeback claim reasonably.

I realise this meant that Mr H's account went into an unauthorised overdraft. Unfortunately for Mr H, chargebacks aren't guaranteed to succeed, and I don't think Starling acted unreasonably in re-debiting the account or asking him to address the position of the account. I've also not seen persuasive evidence that Starling contacted Mr H excessively or unreasonably.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 29 March 2024.

Daniel Picken

Ombudsman