

## **The complaint**

Mrs A complains that Santander UK Plc (“Santander”) didn’t do enough to help her recover money when she didn’t receive a service she paid for using her Santander debit card.

## **What happened**

In July 2021 Mrs A bought a funeral plan from a supplier I’ll call O. She paid a deposit of £2,500 using her Santander debit card and the remainder of the plan was paid via a monthly direct debit over 12 months.

In May 2022 O confirmed the plan had been paid for in full.

Mrs A said that in November 2022, O contacted her to say it was entering administration but that it would continue to provide the benefits of the plan while it sourced a buyer.

Mrs A said she contacted Santander for help getting her money back, but it was unable to attempt what is known as a chargeback (a way a bank can recover funds paid to a supplier in certain circumstances) as O was still providing the service she’d paid for at that point in time.

In May 2023 Mrs A asked Santander to attempt a chargeback as she’d been told by the administrators that a buyer could not be found to continue providing the benefits of the plan.

Santander said it couldn’t raise a chargeback as the card scheme rules state one cannot be raised more than 540 days after the date the payment being claimed was made.

Around mid-2023 O’s administrator wrote to Mrs A confirming that as of 30 June 2023 O had ceased meeting claims for funerals and she would have to make her own arrangements with another provider.

Mrs A complained about Santander’s decision. She said she’d made it aware in November 2022 that O was going into administration, and this was within 540 days of her payment so she was in time to raise a chargeback. Santander stood by its original decision to not raise a chargeback. It said the service did not cease until the administrator confirmed O would not be paying for funerals and this didn’t happen until June 2023 – more than 540 days after she paid O. Mrs A then referred the matter to this service.

An investigator didn’t think Mrs A’s complaint should be upheld. She said it appeared unlikely that Santander could have got Mrs A’s money back from O. She said that by the time the administrator confirmed it was no longer paying for funerals, it was too late to raise a chargeback under the relevant card scheme rules.

Mrs A disagreed with the investigator and asked an ombudsman to review her complaint.

## **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.

I'm looking here at how Santander handled Mrs A's request for help getting her money back. While the actions of O are relevant to this, I also need to give consideration to the relevant card scheme rules and Santander's obligations to Mrs A.

The sum that Mrs A has said she is looking to recover was paid via her debit card. Realistically the only way Santander was able to recover this from O was via a process known as chargeback. The investigator has already explained how that process worked and also that there were specific rules and conditions that Mrs A's dispute with O had to meet for a chargeback to succeed. If the circumstances of Mrs A's dispute did not fit those conditions and the chargeback did not have a reasonable prospect of success, it's unlikely I'd find Santander treated Mrs A unfairly by not attempting a chargeback.

There were conditions which applied to chargebacks where services were paid for but not received and they seem to be the ones most relevant to Mrs A's dispute. Some of those conditions related to the time within Mrs A had to raise a chargeback. They said:

- *In cases involving delayed delivery of goods or services and the delivery or performance date was not specified by the merchant: The issuer must wait 30-calendar days from the transaction date before submitting a chargeback and not to exceed 120-calendar days from the transaction settlement date. However, the issuer may charge back the transaction immediately (and not wait the 30-calendar days) upon learning the merchant will not provide the goods or services because, for example, for the merchant is no longer in business.*
- *In cases involving delayed delivery of goods or services and the delivery or performance date was specified by the merchant and the latest anticipated delivery or performance date was specified by the merchant has passed: Within 120-calendar days of the latest anticipated delivery or performance date specified by the merchant. However, the issuer may charge back the transaction immediately (and not wait until the latest anticipated delivery or performance date has passed) upon learning the merchant will not provide the goods or services because, for example, for the merchant is no longer in business.*
- *In cases involving interruption of ongoing services: Within 120-calendar days of the date the cardholder becomes aware that the service ceased. A chargeback must not be processed after 540-calendar days from the Central Site Business Date of the first presentment.*

Mrs A said she contacted Santander in November 2022, shortly after she was made aware that O would be going into administration. Even if that meant Mrs A somehow met one of the temporal conditions set out above, it appears the service was capable of being provided to her at that point in time. O's administrators didn't confirm until sometime in mid-2023 that funeral claims after 30 June 2023 would not be met and before that it had explained it was looking to find a new provider. So, a chargeback for services not received appeared destined to fail in November 2022. It would most likely have been defended on the basis O was still meeting claims for funerals and therefore still providing the service Mrs A had paid for.

Moving on to the position after O's administrators confirmed funeral claims would not be met (i.e. after 30 June 2023), I've thought about how the circumstances of Mrs A dispute fit with the three bullet points set out above and whether she could have met the temporal conditions for raising a chargeback.

I don't think Mrs A's dispute fit with bullet point three as it seems unlikely to me that the

service she bought could be described as 'ongoing'. While O seemingly had an ongoing obligation to meet a funeral claim, I don't think this meant it was providing ongoing services to her such as a subscription for example.

It also seems unlikely the service Mrs A bought was one where the delivery or performance date was specified – as per bullet point two. Although it appears the event giving rise to the discharge of O's obligations may have been specified i.e. the payment of a claim, the performance date was not. So, I don't think the conditions in bullet point two assisted Mrs A either.

Bullet point one therefore seems to be the closest fit to the service Mrs A bought. O's obligations to provide the service were seemingly discharged upon the payment of a claim at some unspecified date in the future. So, the service appears best described as one where the performance date was not specified. Under this condition, Mrs A only had 120 days from the date her deposit was processed to raise a chargeback. Clearly, she would have been well past this in July 2023. So that condition did not assist her either.

Overall, it appears Mrs A would not have met the temporal conditions of a chargeback for services not received. It seems most likely a chargeback would have been successfully defended on that basis had one been raised by Santander. I do not therefore find that Santander treated Mrs A unfairly by refusing to raise a chargeback.

I appreciate this might seem like a technicality in circumstances where O won't provide the service Mrs A paid it for. However, I can only reasonably ask Santander to refund Mrs A's deposit if I thought she'd lost out as result of it not raising a chargeback when it ought reasonably to have done so. And on my reading of the card scheme dispute conditions, this doesn't appear to have been the case. Unfortunately for Mrs A, chargeback doesn't always provide the same outcome that say a claim in court against the supplier might – although I recognise in this case that with O having entered administration, such claim might not have succeeded either.

### **My final decision**

For the reasons I have explained, I do not uphold Mrs A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 20 March 2024.

Michael Ball  
**Ombudsman**