

The complaint

Ms S complains about how HSBC UK Bank Plc dealt with her chargeback dispute about her non-refundable flights to the wrong holiday destination.

What happened

In February 2023 Ms S bought airline tickets to a holiday destination for herself and her partner. She paid over £1,000 for them with her HSBC debit card. Unfortunately, she did not realise until she received her tickets that she had booked a flight to the wrong place – a city with the same name, but in another country. She says the airline's website had not made this clear at the time of booking.

She asked the airline to refund the purchase (within 24 hours of booking), but the airline told her that the tickets were non-refundable. It offered to exchange them for flights to the correct destination, at a cost of £489 per person, but Ms S declined, on the ground that this additional cost was excessive. Instead, she asked HSBC to refund her.

HSBC opened a chargeback dispute, and in the meantime it refunded the money to her account. There is a dispute about whether she was told that this refund was permanent, or only temporary while the chargeback was ongoing. She says that a member of HSBC staff told her on the phone that the refund was permanent.

The chargeback was unsuccessful, because the tickets had been non-refundable and the airline's terms and conditions had said so. The money was re-debited from Ms S's account. She says this happened without warning, and if she had known that it could happen, she would just have changed her holiday plans and gone to the destination on the tickets instead of where she'd originally planned. She complained to HSBC.

HSBC told Ms S that there was no evidence that its staff had told her that the refund was permanent. But it did accept that it had given her the wrong address to post documents to, and for that error it offered her £250 compensation, which she declined.

Ms S brought this complaint to our service, but our investigator did not uphold it. She said that as the flights were non-refundable, the chargeback had failed and there had been nothing more that HSBC could do. She had listened to all of the call recordings but had not heard anyone tell Ms S that the temporary refund was hers to keep. She thought that HSBC had told her that it was temporary. She thought that £250 was fair and that HSBC did not need to do more.

Ms S did not accept that decision, so this case was referred for an ombudsman's 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.

Having done so, I do not uphold it. I will explain why.

I should emphasise that my remit is not to consider a complaint against the supplier, but against HSBC, and that this complaint is about how HSBC dealt with the chargeback dispute. So the fact that Ms S would not have booked the wrong flights but for the supplier not making it plain on its website which destination she had selected does not necessarily mean that she must get her money back. I am only looking into what HSBC did, and HSBC had no discretion over whether her chargeback dispute was successful. HSBC was obliged to follow Visa's chargeback rules, which are strict and have to be complied with.

I have checked what the chargeback rules say, and I have read the supplier's terms and conditions and its response to the chargeback claim. I'm satisfied that the rules say that a chargeback in these circumstances will not succeed if the supplier shows that it had a no-refund policy (whether or not the refund is requested within 24 hours). And the supplier's terms and conditions include this paragraph (bold in original):

"Not all arrangements can be amended. Please note that certain Travel Arrangements (such as flights) cannot be changed or transferred after they have been confirmed and any change could incur a cancellation charge of up to 100% of the cost of the Travel Arrangement and require you to re-book."

So I don't think that there was anything else which HSBC could have done to get Ms S's money back.

The standard practice for chargebacks is that the money is temporarily refunded to the cardholder while the chargeback is ongoing. Once the chargeback process concludes, if the cardholder wins then they get to keep the money; if they lose then the money is re-debited. I would expect all of HSBC's staff to know that and to explain this if asked, so I would wish to see evidence to corroborate Ms S's allegation that she was told something else before I accepted that happened, but I haven't seen anything of the sort. On the balance of probabilities, I don't think it's likely that she was told that the chargeback was guaranteed to be successful, or that she would still be able to keep the money if the chargeback was unsuccessful; each of those is inherently implausible.

I think that £250 is fair compensation for telling her to write to the wrong address. It did not affect the outcome of the dispute, since this happened early on and well before the dispute was closed.

My final decision

So my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 31 May 2024.

Richard Wood
Ombudsman