

The complaint

Miss A has complained about how Santander UK Plc has handled two disputes for transactions made using her credit card account.

What happened

I issued my provisional decision about this complaint on 18 December 2024. I set out the background to this complaint as follows:

“On 22 May 2023, Miss A purchased some hair extensions from an online retailer I’ll refer to as Company M. The hair extensions were described as “loose wave bundles” that had been “carefully selected from our donors, with the best quality and have never been processed. Our virgin hair can be easily dyed or bleached to your preference”. Miss A purchased three bundles using her credit card account – two 20 inch loose wave bundles costing £70 each and one 18 inch loose wave bundle costing £65.

On 28 June 2023, Miss A paid a hair salon, that I’ll refer to as Company C, £191 to dye her hair and her extensions, purchased from Company M, the same colour. Miss A’s hair was dyed one day, with the extensions being dyed the next. When Miss A picked up her extensions the next day, she noticed the colour of the extensions were “not even close to a match” to her hair colour. Miss A was told the extensions could not be dyed to the exact shade of her hair but was assured the extensions would match her hair colour once installed. Miss A went on to have her extensions installed in the salon (for an additional £95) but the extensions were a “completely different” colour.

On 1 July 2023, Miss A complained to the salon that she had been reassured her extensions would match her hair but the colours did not match once installed. In Miss A’s words, Company C told her that when “dyeing the hair the water ran black suggesting/meaning the extensions had been dyed black beforehand”. Miss A asked for a partial refund for the dyeing of the hair extensions.

Miss A also complained to Company M. In response, Company M said the hair they provide is 100% virgin hair, unprocessed and never dyed black. Company M said it would not offer a refund because of its refund policy, and because the hair had been “manipulated and used”.

On 2 August 2023, Miss A raised a dispute with Santander about her payments to Company M and Company C to the hair salon. Santander asked Miss A to confirm some details about her dispute. Miss A explained what happened, as outlined above. Santander wrote to Miss A asking her to fill out some forms (which it calls “disclaimer” forms, but I’ll refer to them as claim form). The claim form asked Miss A for details about what had happened. Miss A said she submitted the claim forms online.

On 8 August 2023, Santander told Miss A her dispute with Company M didn’t meet the criteria needed for it to ask for a refund – it didn’t give a reason. On 10 August 2023, Santander received Miss A’s completed disclaimer form for her claim against Company C.

On 11 August 2023, Santander asked Miss A to complete another claim form and provide

any supporting documentation as quickly as possible. Miss A ticked a box to say “My goods or services weren’t as described or were damaged or defective”. Miss A repeated what happened, as set out above.

Miss A called Santander on 16 August 2023, when she was told she had entered incorrect details when making her claim so it needed to be resubmitted. Miss A says she uploaded her information online.

On 22 August 2023, Santander sent Miss A another form for her claim against Company C. It asked her for any additional information she had that may be of use. Miss A chased up Santander on 6, 23 and 24 September 2023. Eventually, Miss A was told her claims had been closed, so she complained.

On 17 October 2023, Santander issued its final response to Miss A’s complaint. Santander said it issued claims forms to Miss A for her claim against Company C but didn’t hear back from her, so it didn’t continue her claim. Santander added it would now review the forms Miss A had sent and she would be contacted via post with the outcome or if further information was required. Santander said the claim against Company M “may be likely be declined as the extensions had since been dyed”.

In December 2023, Miss A referred her claim to our Service to review. Since then, Santander offered Miss A £100 compensation for the way it had handled her claims. Santander clarified Miss A’s credit card uses the Mastercard network – so a chargeback would have been considered under Mastercard’s rules in place at the time.

One of our Investigators reviewed Miss A’s complaint and didn’t think chargeback claims would have succeeded and any claims under Section 75 of the Consumer Credit Act 1974 (CCA) would have been declined. In the circumstances, our Investigator thought Santander’s offer of £100 compensation for the way it handled her claims was fair. Miss A disagreed, saying it isn’t normal to record interactions with a hair salon or get written confirmation of the service provided. Miss A said the fact that her hair was dyed the day before and the photos she provided show the colours of her hair and extensions didn’t match. So, this has come to me for a decision.”

I set out my provisional decision as follows:

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

Here, Miss A has disputed transactions paid to two separate merchants. By 17 October 2023, when Santander sent its final response to Miss A’s complaint, it had not submitted chargeback claims to either Company M or Company C or considered claims under Section 75 of the CCA. I can only consider Santander’s actions to the date of its final response and I’ve considered each of Miss A’s potential claims separately.

Should Santander have considered a S.75 claim for Miss A’s transaction with Company M?

Section 75 of the Consumer Credit Act 1974 (CCA) sets out that in certain circumstances, Santander, as the finance provider, is jointly liable for any breach of contract or misrepresentation by the supplier (here, Company M).

Miss A purchased three sets of extensions, costing £205 in total. But each set of extensions cost less than £100. Miss A could only have made a claim under Section 75 of the CCA for a “bundle” of hair extensions that cost more than £100. Here, Miss A purchased three separate bundles of hair extensions but none cost more than £100. Each bundle could be

purchased separately, and the bundles were not sold as part of a set. Overall, I think that it should have considered a Section 75 claim but I don't think it would have been unfair for Santander to discontinue the claim based on the financial limits for making a claim.

In any event, even if I were to conclude Miss A's claim met the criteria for a Section 75 claim, I think Santander could reasonably have declined the claim. I'll explain why.

To avoid further delays, I have considered what it would have been reasonable for Santander to do if it had received the evidence Miss A sent our service and considered a claim that the extensions were not of satisfactory quality or did not match their description. Company M's website described the extensions as "raw" or "virgin" hair. The extensions would be considered to be of satisfactory quality if they meet the standard a reasonable person would consider satisfactory. Company M's website said the hair was undyed and could be. Company M disputed the extensions could have been dyed, and said they regularly test the quality of their products. So, here we have Miss A's word against Company M's. The testimony provided by Miss A is not direct testimony – it is her summary of what Company C said. We do not have any testimony from Company C itself. It's not now possible to check the original condition of the hair, as Company C went on to dye it. I do not think there is enough evidence to show the extensions were not "raw" or "virgin" hair, as described by Company M. So, I think it would have been reasonable for Santander to decline a claim on this basis. And as I think there is insufficient evidence the extensions were dyed prior to purchase, I think it would have been reasonable for Santander to decline Miss A's claim that the extensions were not of satisfactory quality because they had already been dyed. Miss A was able to have the extensions dyed, but the problem was that the colour was not (in her view) an exact colour match with her hair. But I don't think this shows the extensions were not at the standard a reasonable person would consider satisfactory, or that the extensions were not fit for their intended purpose of being dyed and installed. So I think it would have been reasonable for Santander to decline any claim it considered under Section 75.

Should Santander have made a chargeback claim for Miss A's transaction with Company M?

A chargeback claim is decided on the relevant card scheme's rules, rather than on the merits of the dispute between Miss A and the merchant she ordered from (Company M). Although it is often good practice for a card provider (here, Santander) to attempt a chargeback where there is a reasonable prospect of success, a chargeback is not a legal right. It is also important to explain there's no guarantee the card provider will be able to recover Miss A's money from the merchant by making a chargeback claim. Here, the rules are set out by Mastercard and Santander has no power to change them. I have considered Mastercard's rules when considering whether it was reasonable for Santander to take the chargeback forward.

Under Mastercard's Rules, Miss A could have made a chargeback claim that the extensions were not as described or defective. This claim would have needed to be submitted by 20 September 2023 – 120 days after Miss A purchased her extensions on 22 May 2023. It's not entirely clear when Santander received Miss A's evidence in support of her claim, or whether it received all the information Miss A sent our service. To avoid further delays for Miss A, I have considered whether Santander should have submitted a chargeback claim on the basis it had received all the evidence Miss A sent our service before 20 September 2023. And on this basis, I don't think it's likely a chargeback claim would have succeeded.

For a chargeback claim that the extensions (goods) were defective or not as described, all four conditions must be met:

- 1. Miss A engaged in the transaction.*
- 2. Miss A contacted the merchant to resolve the dispute.*

3. The merchant refused to adjust the price, issue a refund, repair or replace the goods.
4. Miss A must have returned the goods or informed the merchant the goods were available for pick up.

In addition, one of the following conditions must be met:

- A. The extensions arrived broken or could not be used for the intended purpose.
- B. Goods and services did not conform to their description.
- C. Company M did not honour the terms of the contact with Miss A.

It's clear that the extensions were not returned to Company M. At the time she emailed Company M to complain, the extensions had just been installed on her head. So, I think it's likely the chargeback would have failed on the fourth condition set out above.

And in any event, I don't think a claim the goods were not confirm to their description or could not be used for the intended purpose for the reasons I explained above. So, even if Santander had all the evidence provided by Miss A in time to submit a claim, I don't think a chargeback claim would have been successful. I don't think any failure to submit a chargeback claim has caused Miss A a financial loss.

Should Santander have considered a S.75 claim for Miss A's transaction with Company C?

Miss A has an email with a breakdown of the payments she made to Company C to our service. This email lists out the cost of different services, including a "Full head tint" was £98, a "Toner" cost £35, a wash and trim was £64. None of the services in Miss A's breakdown cost more than £100. As the evidence suggests Miss A paid less than £100 for her extensions to be dyed, I think it's unlikely she would have been eligible to submit a Section 75 claim for the reasons explained above.

But even if I were to conclude that Miss A was eligible to make a Section 75 claim that the services she received were not of satisfactory quality or as described, I don't think it would have been reasonable for Santander to decline her claims.

Miss A hasn't been able to provide a contract between her and Company C, or any evidence to support her testimony that it guaranteed the shade the extensions would be dyed. I agree with Miss A it would be unusual for a hair salon to provide a contract or written breakdown of the services it would provide. But this means I have no written contract to assess – and there is no evidence about the terms of any verbal contract between Miss A and Company M. Without any record of what was agreed, I think there's not enough evidence to show Company C made a contract to provide an exact colour match between Miss A's extensions and her natural hair, that Company C had also dyed. So, I think it would have been reasonable for Santander to decline a Section 75 claim that the services were not as described because Company C failed to provide an exact colour match.

For similar reasons, I think it's unlikely a claim about the quality of its services would have succeeded. Here, the Consumer Rights Act 2015 sets out that Company C must carry out its services with reasonable care and skill.

I've considered the photos of Miss A's dyed hair and extensions. I note the photo of her hair and photo of her extensions were both taken in different lighting (the photo of Miss A's hair was taken in the salon with bright lighting and the photo of her extensions appears to be taken in natural lighting, in a car). In these photos, I accept there may be a difference in shade between Miss A's hair and her extensions in these photos – but I don't think the difference is significant or, as Miss A complained, completely different. In the photo provided of Miss A with her extensions installed, Miss A is facing the camera and her hair is tied in a

ponytail behind her back so I cannot see much of her hair and installed extensions. But from what I can see, it's not clear that there is a significant difference between Miss A's hair and her extensions. But even if I were to conclude there is a significant difference, there is no other available evidence, such as expert evidence from an independent hair salon, that would indicate the dyeing of the extension was not completed with reasonable care and skill. I think it would have been reasonable for Santander to decline a claim because there was insufficient evidence Company C failed to provide reasonable care and skill when dyeing Miss A's extensions.

Overall, I think it would have been reasonable for Santander to decline any Section 75 claim Miss A would have made, so I don't think any financial loss by any failure to consider her claim.

Should Santander have made a chargeback claim for Miss A's transaction with Company C?

I explained above how a chargeback works. Here, Miss A could have again made a chargeback claim that the services provided were not as described or defective as set out above. This claim would have needed to be submitted by 27 October 2023 at the latest – 120 days after Company C dyed Miss A's extensions on 29 June 2023.

It's unclear when Santander received all the evidence Miss A provided to our service, but it may have had this by the deadline to make a claim. So, I've considered whether a claim would likely have succeeded if it had been made in time and Santander had received all the information Miss A sent to our service.

Here, Miss A engaged in the transaction. She also contacted Company C and, as it didn't respond, it appears it had refused to adjust the price, issue a refund or take remedial action and dye Miss A's extensions again. So, the key question here is whether the services Company C provided did not conform to their description. As I have said above, I don't think there is enough evidence to show Company C guaranteed it would dye the extensions to the exact colour of Miss A's hair. So, I think it's unlikely a chargeback claim would have succeeded on the grounds that the service Company C provided was **as not as described** or that Company C failed to honour the terms of its contract with Miss A.

I've considered whether the evidence suggests the service was provided was defective. Again, I cannot agree with Miss A's claim that the extensions were dyed a completely different colour to her hair. I also think it's unlikely any shade difference was significant, given Miss A accepted the salon's reassurance that any colour difference would not be noticeable once the extensions were installed. I don't think Miss A would have paid a further £95 if she thought the difference was so significant this would not be possible. Overall, I think there's insufficient evidence that the service **provided by Company C was defective** and I don't think a chargeback claim would have succeeded on this ground.

Overall, I don't think a chargeback claim would have been successful. Because of this, I don't think Miss A lost out as a result of Santander not submitting a chargeback claim.

The level of service provided by Santander

For the reasons explained above, I don't think any chargeback claims would have been successful and I think it would have been reasonable for Santander to decline any Section 75 claim Miss A might have made. But as I have outlined above, there were some errors in Santander's handling of the claims. Santander recognised its failings and has offered Miss A £100 compensation. As I don't think the claims would have been successful, I

don't think failing to submit them has significantly impacted Miss A. Overall, I think Santander's offer fairly reflects that Miss A was caused some inconvenience by Santander's handling of her claims."

Santander accepted my provisional decision but Miss A did not. In summary, Miss A said:

- Miss A found the whole experience distressing and doesn't feel she has been believed.
- It is unfair to class the extensions and services Company C provided as under £100.
- Company C promised to match the extensions to her hair colour, which was a verbal contract, and it is highly impractical to provide evidence of this.
- The evidence shows her extensions were not dyed to the same shade as her hair.
- Company C said the extensions could not be an exact match because the hair was not "virgin/raw" so either Company M provided goods that were not as described or Company C has not provided a satisfactory service.
- Miss A could not return the hair to Company M so there was little else she could do.
- It's unfair she has lost out on a substantial amount of money and the service provided by Santander was awful.

So, I have reconsidered Miss A's complaint in light of her respond to 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.

Having done so, my provisional decision remains unchanged but I'll address Miss A's comments in respond to my provisional decision.

I acknowledge Miss A's comments about how distressing she has found this process and I'm sorry she does not feel believed. My role here is to decide whether I think it would have been reasonable for Santander to decline a S.75 claim or whether a chargeback claim would likely have been successful under the relevant scheme rules.

Miss A says either Company M or Company are at fault here. And Miss A said it's unfair to treat either the extensions or the services provided by Company C as under £100. But as I said in my provisional decision, I did consider whether a claim would likely have been successful in the event I had concluded a S.75 claim should have been considered. And for the reasons set out in my provisional decision, I think it would have been reasonable for Santander to decline any Section 75 claim Miss A would have made. In my provisional decision, I acknowledged it would be unusual for a hair salon to provide a contract or written breakdown of the services it would provide. But it remains that I don't think I think there's not enough evidence to show Company C made a contract to provide an exact colour match between Miss A's extensions and her natural hair, that Company C had also dyed. So, I think it would have been reasonable for Santander to decline a Section 75 claim that the services were not as described because Company C failed to provide an exact colour match.

In my provisional decision, I explained I did not think there was sufficient evidence to show Company C failed to provide reasonable care and skill when dyeing Miss A's extensions.

And I accept Miss A says that if Company C is not at fault, then Company M must be. Miss A reiterated Company C said it had not achieved an exact colour match because the extensions have been dyed prior. But as I said in my provisional decision, we do not have any testimony from Company C itself. It's not now possible to check the original condition of the hair, as Company C went on to dye it. I do not think there is enough evidence to show the extensions were not "raw" or "virgin" hair, as described by Company M. In the absence of new information, I remain of the view there is not enough evidence to show the extensions were not at the standard a reasonable person would consider satisfactory, or that the extensions were not fit for their intended purpose of being dyed and installed. So I think it would have been reasonable for Santander to decline any claim it considered under Section 75.

In response to my provisional decision about a chargeback claim against Company M, Miss A said it was not possible to return the extensions. But I considered whether I think a chargeback claim would have succeeded, given the extension could not have been returned. And for the reasons set out in my provisional decision, I don't think it's likely a chargeback claim would have succeeded.

I know Miss A is unhappy she has lost a substantial amount of money, and I do empathise. But for the reasons given, I don't think any chargeback claims would have been successful and I think it would have been reasonable for Santander to decline any Section 75 claim Miss A might have made. I know Miss A says the service Santander provided was awful and I agree there were some errors in Santander's handling of the claims. Santander recognised its failings and offered £100 compensation. I think this is fair in the circumstances, having taken into account that I don't think Miss A would have been able to make any successful claims here.

Putting things right

Santander should pay Miss A £100 compensation.

My final decision

Santander UK Plc has already made an offer to pay £100 to settle the complaint and whilst I realise my decision will disappoint Miss A, I think this offer is fair in all the circumstances. So, my decision is that Santander UK Plc should pay £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 3 February 2025.

Victoria Blackwood
Ombudsman