

The complaint

Mr C complains that J.P. Morgan Europe Limited trading as Chase didn't do enough to help him when he told it about a dispute he had with a merchant over goods paid for using his Chase debit card.

What happened

In October 2023 Mr C purchased a handbag costing £2,020 using his Chase debit card. Mr C says that upon returning home he realised his partner already owned this handbag so he tried to return it. The item was sent back but Mr C didn't receive a refund. He was told that this was because the handbag was damaged.

In November 2023 Mr C contacted Chase to try to recover the money paid for the handbag. Chase requested further information from Mr C and then in December 2023 it raised a chargeback with the merchant on his behalf. The merchant defended the chargeback saying the bag was damaged. Mr C disputed this and the merchant provided photographs demonstrating that the bag was damaged. So Mr C's chargeback was unsuccessful. Mr C raised a complaint about this with Chase and as he was unhappy with the response, he referred his complaint to our service.

One of our investigators considered his complaint. He didn't uphold the complaint as he concluded Chase acted fairly when handling the chargeback claim. Mr C didn't agree and so the complaint has been passed to me to consider.

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.

Mr C has asked Chase to recover the money paid for the handbag on his debit card. Given Mr C used his debit card, a chargeback is the only realistic way Chase could have recovered the money paid by Mr C. So in deciding this complaint, I am only considering the actions of Chase in how it has handled Mr C's request to raise a chargeback on his behalf. I am not considering the actions of the merchant.

Having carefully considered all the information I've been provided with, I'm not going to uphold this complaint. I appreciate that will be disappointing to Mr C.

I'll start by explaining what a chargeback is and how it works. A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant card scheme rules. It allows customers to ask for a transaction to be refunded in a number of situations, some common examples being where goods or services aren't provided, where goods or services are defective, or where goods or services aren't as described. In this particular case the appropriate reason was credit/refund not processed.

There's no automatic right to a chargeback; the chargeback process doesn't give consumers legal rights; and chargeback is not a guaranteed method of getting a refund because

chargebacks may be defended by the merchant. This is because the rules, set out by the card scheme lay down strict conditions which must be satisfied for a chargeback claim to succeed. If a financial business thinks that a claim won't be successful, it doesn't have to raise a chargeback. But where there's a reasonable chance of success, I'd expect a financial business to raise a chargeback.

It's important to note that chargebacks are decided based on the card scheme's rules – in this case Mastercard – and not the relative merits of the cardholder/merchant dispute. So, it's not for Chase – or me – to make a finding about the merits of Mr C's dispute with the merchant. Chase's role is to raise the appropriate chargeback and consider whether any filed defence by the merchant complies with the relevant chargeback rules.

As explained above, Mr C raised a chargeback request with Chase in November 2023. Chase then asked Mr C for further information to support the claim and he provided a copy of the sales receipt and correspondence about a courier collection to return the bag. In response to the chargeback the merchant claimed the bag was damaged which Mr C disputed. It subsequently provided photographs of the bag showing marks on the outside of the bag which it said showed scratches and that the edges of the bag were scuffed and had worn away. In addition, it provided a photograph of the inside of the bag showing it was stained. It argued that the cause of this was wear and tear i.e. from using the bag. The Merchant said that the terms and conditions for a refund (which it provided) stated that the bag needed to be returned in a saleable condition. The merchant argued that because the bag hadn't been returned in a saleable condition, it wouldn't provide a refund. It also said it has tried to return the bag to Mr C who has refused.

The merchant's defence was sufficient to mean the chargeback didn't succeed. Chase contacted Mr C about the further evidence provided (the photographs of the bag) and explained it would be closing the dispute. At this time, Mr C didn't provide any additional evidence to dispute the condition the bag was in when it was sent back to the merchant.

Taking everything into account, there's nothing I've seen that suggests Mr C's claim was likely to succeed – the merchant's defence and the evidence provided meant the chargeback didn't succeed. And I'm persuaded that Chase took the claim as far as it reasonably could've done given the merchant's defence. So, in view of this, there's nothing more that I would've expected Chase to do and because of this I cannot uphold Mr C's complaint.

My final decision

For the reasons explained above I don't uphold Mr C's complaint against J.P. Morgan Europe Limited trading as Chase.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 27 November 2024.

Claire Lisle
Ombudsman