

The complaint

Mr G is unhappy with the outcome of a dispute he raised with Starling Bank Limited.

What happened

The background details of this complaint are well known to the parties – so I will only summarise these briefly. It reflects my informal remit.

Mr G says that he requested a replacement/repair service from a supplier of home electronic items (who I will refer to as 'Z') but it wrongly billed him £169 during the process.

Mr G is unhappy Starling would not raise a chargeback for him to get a refund even when he presented it with further evidence (he says this evidence shows he is right).

Starling said it did not have grounds to dispute the transaction further and it followed its correct internal processes.

Mr G brought his complaint about the claim to this service – and our investigator did not uphold it. So the matter has come to me for a final decision.

I issued a provisional decision on this case which said:

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

My role is to resolve disputes informally – so I won't be commenting on everything the parties have sent in – only what I consider key.

It is important to note here that Starling is not the supplier of home electrical items or the servicing of these, so when deciding what is fair and reasonable I take into account what Starling could reasonably do considering its role as a provider of financial services. In doing so I note that Mr G's dispute centres around a transaction taken from his debit card - which means the chargeback scheme is a relevant tool Starling could use to help Mr G. So, with this in mind I have gone on to consider whether it fairly could have done more to help.

Chargeback is not a legal right like Section 75 of the Consumer Credit Act 1974 (which is not available here because Mr G had his debit card billed by Z rather than a credit card). So rather than consider the broader aspects of any potential breach of contract or misrepresentation by Z Starling is limited to operating within the specific rules of the chargeback scheme.

In this case I understand the MasterCard dispute scheme applies. So it is this I have considered when deciding if Starling acted fairly.

Chargeback is not guaranteed to succeed, and although it can be good practice to raise a chargeback for a customer, this will usually be where the consumer has provided information that indicates a reasonable prospect of success.

There are various reasons a chargeback can be raised as set out in the scheme rules. It isn't possible to raise a chargeback under multiple reason codes, so Starling would have to pick one it considered the most appropriate.

I can see that Mr G gave Starling information about the dispute – but from what he told it I am not persuaded that it fits well within the chargeback reason codes available.

Mr G said to Starling that Z was meant to send him a replacement remote control – but it sent him the whole unit by mistake. He says that he didn't collect it from the courier collection point so it could be returned to sender. But Z then charged him the £169 for the unit regardless.

From what I can see, Mr G approached Starling on the basis that he had an 'unauthorised charge' from Z. So it is arguable that Starling could have taken this forward as grounds for a chargeback. However, from the evidence that Mr G had provided to Starling (including the follow up evidence) I think it was reasonably clear that:

- *Mr G had an existing and ongoing relationship with Z as a retailer; and*
- *the charge had apparently arisen in connection with Mr G agreeing to participate in Z's service process.*

I also note that during a chat with Starling Mr G appears to accept that Z is able to debit from the payment account he has with it in certain circumstances. So while it was clear Mr G was not happy with the circumstances that Z chose to debit him – this in itself does not mean the transaction wasn't authorised by Mr G through the underlying contractual agreement he had with Z in respect of its service process.

So overall, I don't think a chargeback for an unauthorised charge was appropriate here, and I don't think Starling was at fault for not raising one.

I have thought about other potential chargeback reasons that might be relevant to circumstances like this. But I don't think any really fit this situation well. For example:

- *I don't think a chargeback for goods/services not provided would be appropriate here – because Mr G does not appear to be complaining about not receiving certain goods or services – he is complaining about a charge for an item he says he didn't order.*
- *I don't think a chargeback for a credit not being processed would be appropriate here either because I don't see where Z agreed to refund Mr G, or where its policy clearly entitles him to a refund in the circumstances.*

I understand Mr G told Starling that he had limited information to shed more light on the situation and nothing in writing from Z (as everything had taken place over the phone). Starling indicated that Mr G had 'no evidence' so what it could do for him was limited. I can understand this is frustrating particularly as what Mr G told Starling is evidence. However, even going by Mr G's testimony and the other limited information he did supply, my starting point is that there isn't a chargeback rule which fits well with the somewhat uncommon factual scenario he presented. So for that reason I don't think Starling has acted unfairly in not taking it further.

However, even if I agreed that Starling should have taken things further (and I don't) I am not persuaded that this would likely have made a difference in any event. Based on Mr G's inability to obtain a refund despite what he says were numerous calls with Z it appears Z would likely have defended the chargeback – which would then leave MasterCard to decide

things at arbitration. However, I don't think this is a clear cut case where Mr G would likely win the chargeback because:

- (as I have already stated) the situation he describes does not fit well within the grounds for chargeback;*
- Mr G has not provided information which would reinforce his testimony – for example a tracking number from the courier or something in writing (such as a Live chat, written complaint response or similar) from Z where it admits wrongdoing;*
- the additional information Mr G provided from Z's service tracking does not clearly support his testimony. It appears to show that Z received his 'original product' back – not a separate new item which Mr G says it sent out to him in error. From what I can see from the tracking information and the policies of Z it suggests Z shipped Mr G a replacement product in advance and then levied a charge after he returned his original product (which there might be various reasons for including a lack of warranty coverage/appraisal of original item); and*
- while I recognise Mr G's account and strength of feeling it is unlikely that MasterCard would be able to compel witnesses or other evidence in support of his testimony.*

I know Mr G feels strongly about what happened. And I want to be clear that I am not saying what he described did not happen. Only that based on the information available to it I don't think that Starling acted unfairly in not raising a chargeback. And even if it had raised one I am not persuaded (considering the evidence available at the time and the limitations of the chargeback scheme) it would have likely succeeded in any event.

My decision does not stop Mr G from taking legal action against Z directly if he wishes to. And in the circumstances, after seeking appropriate legal advice, Mr G may consider this a suitable route for a dispute of this nature.

My provisional decision

I don't uphold this complaint.

I asked the parties for their comments. Neither party responded.

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.

Neither party has given me cause to change my provisional findings. So my final decision is based on said provisional findings (as copied above) which I still consider fair and reasonable.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 28 May 2024.

Mark Lancod
Ombudsman