

The complaint

Mr C complains about how HSBC UK Bank Plc ("HSBC") handled a claim he made in relation to a transaction on his credit card.

What happened

Mr C purchased flights, through a company I'll refer to as "F", through his HSBC credit card in September 2023 for £2,147.37. The supplier of the flights was a company I'll refer to as "S". In early November 2023, Mr C requested the flights were changed. F amended the booking and Mr C made a payment of £868.40 for the changes.

In late November 2023, Mr C contacted HSBC and complained. Mr C's flight to the UK consisted of two separate flights. He said the first flight was delayed for three hours which in turn caused him to miss the second flight. He said the second flight was then changed by S so, the arrival airport in the UK was around 200 miles away from where he was initially booked to land. He said it took four hours in a taxi to get home so, overall there was a delay of seven hours for him to get to his booked destination in the UK from where the plane had landed. Mr C said he didn't ask S to book him on a flight that was 200 miles away from his destination, so he said there was a breach of contract. HSBC raised a chargeback claim under goods and services not received and notified Mr C it would be providing him with a temporary credit of £2,147.37.

In December 2023, Mr C complained to HSBC as the temporary credit wasn't applied. HSBC applied a temporary credit the same day and further information was requested from Mr C, which he provided. In January 2024, Mr C told HSBC that the disputed amount wasn't £2,147.37, it was £2,053. A further amount of £2,053 was credited to Mr C's credit card by HSBC. In February 2024, HSBC realised it had made an error and told Mr C it had refunded £2,053 in error and an amount would be re-debited from Mr C's account. HSBC also told Mr C the temporary credit was permanent. But the following day, it told him it wasn't.

Unhappy, Mr C referred a complaint to this service. He said he was disputing the transaction amount of £2,147.37. He reiterated his complaint about the flight delays. He also said when he complained to HSBC in December 2023, it transferred him to numerous different departments, his calls were cut off and the phone numbers didn't work on numerous occasions. He said HSBC told him it needed more information for the dispute and tried to call him, but it had never attempted to do this. He said it misunderstood his complaint, it left him on hold for 30 minutes, he was told it couldn't log a complaint until the dispute was resolved and the merchant looked at the wrong transaction. He said he had to fill out further forms so the dispute could be logged again. He said it took more than 15 hours of form filling and calls. Mr C said he suffered a severe level of distress, inconvenience and emotional impact.

Mr C raised a separate complaint to HSBC in January 2024 about the service provided.

HSBC issued its response to Mr C's complaint in March 2024 concerning the complaint he made in December 2023. It apologised for not processing a temporary credit when Mr C initially raised a dispute. It also said it would re-debit £2,147.37 from Mr C's account. HSBC also apologised as it provided Mr C with incorrect information about the dispute. It said it was incorrectly under the impression that Mr C's previous dispute had been resolved and the

credit would remain. In recognition of the incorrect information provided and inconvenience caused, HSBC offered Mr C £150 compensation.

Mr C said he was unhappy with the amount HSBC offered and said a minimum of £500 was more appropriate. He also said HSBC should allow him to keep the disputed amount as it had promised. Mr C said he wanted a refund of £2,053 for the flights.

In April 2024, HSBC let Mr C know his chargeback claim was unsuccessful and it would consider a claim under section 75 of the Consumer Credit Act 1974 ("s75").

Our investigator looked into the complaint but said she didn't think HSBC had acted unfairly when the chargeback claim was declined. She said as Mr C had accepted an alternative second flight, no refund would be due. She said if Mr C hadn't taken the alternative flight, there may be a possible refund due under the chargeback scheme. She also said Mr C's claim for the delay of the initial flight which caused the overall delay of seven hours wasn't something he could claim for under the chargeback scheme, as there were no allowances for consequential losses. She also said there was no valid claim under s75 as there was no debtor-creditor-supplier agreement in place. Finally, she said she thought the £150 HSBC had offered was fair and reasonable in the circumstances.

Mr C disagreed. He didn't make any comments about our investigator's findings about the chargeback claim. Instead, he said he didn't think £150 compensation was reasonable for the events that had occurred. He said he wanted an ombudsman to review the total number/duration of calls, why HSBC didn't respond within the eight-week deadline, the number of errors made by HSBC's agents and the number of errors made by in the dispute process by HSBC. He also said he had referred a dispute under s75 to HSBC and questioned why HSBC needed the information again.

HSBC clarified that the issues Mr C experienced in relation to the calls he had with HSBC were not considered as part of its response in the chargeback claim. It said the compensation it had offered only related to the delay in raising a chargeback claim and the errors it made in refunding and re-debiting the dispute amounts. It also said the jurisdiction that considered Mr C's complaint had a three-month time limit to review complaints, so it was considered within the time limit it was allowed.

Our investigator raised a separate complaint for Mr C's complaints about some of the calls that took place and the service relating to these calls. Mr C accepted this and HSBC's explanation about the time taken to respond to his complaint.

Mr C has asked an ombudsman to consider this complaint. So, the complaint has been passed to me to decide.

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've read and considered the whole file and acknowledge that Mr C has raised a number of different complaint points. I've concentrated on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it – but because I don't think I need to comment on it in order to reach what I think is the right outcome. The rules of this service allow me to do this.

To make it clear, this complaint is about whether HSBC acted fairly and reasonably as Mr C's credit card account provider. It's not about F or S, who aren't financial service providers and so, don't fall within the remit of the Financial Ombudsman Service.

What I need to decide in this case is whether HSBC correctly raised a chargeback and whether it acted unfairly in any other way. If I think it has acted unfairly, I'll need to decide what's fair, if anything, to put things right.

Chargeback

A card issuer can attempt a chargeback in certain circumstances when a cardholder has a dispute with a merchant – for example where goods never arrived or where goods are faulty or not as described. Before a chargeback can be initiated by a card issuer, like HSBC, it's expected that the cardholder has attempted to resolve matters with the merchant first.

Chargebacks aren't decided on the merits of the dispute between the cardholder and merchant, but rather they're decided on the relevant card scheme's rules. Chargeback isn't a legal right and there's no guarantee the card provider will be able to recover the money this way. The guidelines are set by VISA and HSBC has no power to change them.

In this case, Mr C complained about delays to the first flight, this subsequently causing him to miss the second flight and being flown to a destination which he didn't book a ticket for.

HSBC raised a chargeback claim for goods and services not being as described. F challenged the claim and said that Mr C received the flights when he accepted the alternative resolution offered by S. It also referred to its terms and conditions which state:

"13. Our responsibility for your booking. For single Travel Arrangement bookings we act as a booking agent on behalf of the Supplier/Principal. As agent, we accept no responsibility for the acts or omissions of the Supplier/Principal or for the Travel Arrangements provided by them..."

16.2... Since we act as an agent on behalf of the Supplier/Provider, we are not responsible to you for any refunds or compensation payments and nor can these be made without the Supplier/Principal's authorisation...

19.3 No liability for delays to flights or other transport...We do not have any liability to you for any delays that may arrive (including at your international departure airport...Where applicable, the airline is responsible for providing any assistance as is legally required by EC 261/2004 (denied boarding and flight disruption)... Otherwise, any arrangements in the event of a delay will be at the sole discretion of the airline or other carrier involved.

19.6 If your flight is cancelled or delayed. If your flight is cancelled or delayed...the airline may be required to pay you compensation, refund the cost of your flight and/or provide you with accommodation and/or refreshments under EC Regulation No 261/2004 (denied boarding and flight disruption)...We have no liability to make any payment to you in relation to EC261 or in respect of any flight cancellation or delay...or denial of any boarding as the full amount of your entitlement to any compensation or other payment (as dealt with above) is covered by the airline's obligations under EC261".

HSBC decided not to progress the case to arbitration due to F's response to the chargeback.

I've considered whether I think it acted unfairly in doing this. Having done so, I don't think HSBC acted unfairly when it didn't progress the chargeback claim further. I'll explain why.

Mr C said his claim was for compensation for the delays caused and due to the second flight he booked arriving at a different airport in the UK. However, F's terms and conditions make it clear that it has no responsibility for any cancellations or delays. They also say any denial of boarding or flight disruption would be an entitlement Mr C is entitled to under EC Regulation No 261/2004 ("regulations"). These regulations confirm that in the case of a flight cancellation, Mr C would be entitled to take an alternative flight. Mr C did this when he accepted S's offer to provide an alternative flight which meant he needed to travel to a different return destination in the UK. I appreciate this caused him inconvenience and took a considerable amount of more time than it would have done had he arrived at the airport he had initially booked to travel to. However, Mr C accepted the terms of S's alternative flight, he took that flight and he would need to contact S directly to pursue a claim under the regulations. This isn't a claim that he could pursue under the chargeback scheme as it doesn't make allowances for consequential losses.

Overall, I think HSBC raised the chargeback correctly with the most appropriate reason code at the time Mr C made the chargeback claim. So, I'm not asking it to take any further action in relation to the chargeback claim.

Did HSBC act unfairly or unreasonably in any other way?

I've considered whether HSBC acted unfairly or unreasonably in relation to the service it provided when it raised the chargeback claim.

I haven't considered the complaint that Mr C made about the service provided by HSBC following a certain call in January 2024 or any issues that took place after this date. This is being considered as part of a different complaint that has been referred to this service.

I can see that when Mr C called to raise a chargeback dispute, there is no dispute by HSBC that it didn't apply a temporary credit to his account, despite saying it would. This was applied around two weeks later when Mr C called to chase this. As all parties are in agreement that HSBC made an error here, I'm satisfied that HSBC acted unreasonably when it caused a delay in applying the temporary credit to Mr C's account.

All parties also agree that HSBC made an error when it told Mr C his dispute amount was permanent but the next day explained it wasn't. I can appreciate that this would have caused Mr C distress as he was led to believe the dispute amount was permanent but then he was told it wasn't. I'm satisfied HSBC made an error when it led Mr C to believe his chargeback was successful, when it wasn't. Although I acknowledge that HSBC noted its error quickly and let Mr C know it had made an error within a day.

I can also see there was some confusion around the chargeback amount. When the original dispute was raised, the chargeback amount was listed as £2,147.37, which was the amount of the card transaction Mr C paid to F. However, Mr C later said this should have been £2,053. I can see why HSBC was confused as two different amounts were mentioned and when Mr C initially raised his dispute, he signed the dispute documents to state he was disputing £2,147.37. In the complaint form to this service from February 2024, Mr C also mentioned his dispute amount was £2,147.37. But he told HSBC it was £2,053 and later told our investigator that it was £2,053.

It appears that the initial chargeback was raised for £2,147.37 and when Mr C corrected HSBC about this in January 2024, HSBC made an error and credited a second amount to Mr C's account. In any event, it seems that HSBC re-debited Mr C's account in March 2024.

When Mr C complained to HSBC in December 2023 about the temporary credit not being applied, he also told it that the call was dropped each time he tried to contact HSBC through its automated call system ("IVR"). Mr C said HSBC should have a direct line for sensitive disputes and customers shouldn't be expected to spend hours on the phone answering repeat questions or being transferred numerous times into long waiting queues.

HSBC's notes state it couldn't see any record of any calls being dropped whilst Mr C was making use of the IVR or where calls cut off whilst in the process of being transferred. Mr C hasn't provided his call records to show he attempted any calls that were unsuccessful. In relation to the way in which HSBC sets up its disputes department or the way in which it takes complaints, this is a commercial decision it is entitled to make about how its business is run. This isn't something that this service can comment on.

I note Mr C also said that HSBC didn't attempt to call him despite saying it did. I've seen a copy of HSBC's internal call notes. I can see that HSBC did attempt to call Mr C before writing to him in December 2023 and in January 2024. It said unsuccessful calls weren't recorded, so it couldn't provide a copy of these. Mr C said he hadn't received any voicemails and this was irresponsible of HSBC. However, HSBC didn't leave any voicemails and it isn't required to do this. Instead, it wrote to Mr C and let him know it had tried to contact him. Mr C has provided three letters in which he says HSBC said it tried to contact him and HSBC's contact notes state that it tried to contact Mr C on five occasions between

November 2023 and January 2024. So, I consider it more likely than not that HSBC did attempt to contact Mr C before writing to him and that it didn't act unfairly when it didn't leave any voicemails, as it wasn't required to do this.

I've also listened to a call between HSBC and Mr C from early January 2024 in which Mr C is calling to ask why HSBC is requesting further information from him, despite this information already being sent by him. HSBC confirmed that it was requesting information to understand how much Mr C paid for the second flight. It explained that it couldn't raise a chargeback for the first flight, as this flight was taken. Mr C explained there was no breakdown of the costs for the individual flights. This was accepted by HSBC on the call.

I don't think HSBC acted unreasonably for requesting this information, as part of the chargeback rule for goods or services not as described is that a cardholder can only claim for the unused portion of the service. In this case Mr C used the initial flight, despite the delays and the second flight was the flight that Mr C said was not as described as it landed at a different UK airport, so this is the only portion of the chargeback claim that HSBC would have been able to raise a claim for.

I've also seen the notes for some other calls that Mr C had with HSBC before early January 2024. I can see these relate to the initial dispute being raised, the dispute amount not being applied and things such as the dispute amount being incorrect. Mr C would be reasonably expected to experience some distress and inconvenience when raising a complaint or providing additional information and HSBC has already apologised for the errors it made in relation to the dispute amount not being applied and things such as the dispute amount being incorrect.

Overall, I don't think HSBC acted unfairly or unreasonably when requesting information from Mr C and whilst I appreciate it was frustrating that calls were dropped, Mr C hasn't provided supporting information to show the extent of this. Having carefully considered everything, I think the amount HSBC has already offered to settle Mr C's dispute of £150 is fair and reasonable in the circumstances. It follows that I'm not asking HSBC to take any further action.

My final decision

My final decision is that I do not uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 4 April 2025.

Sonia Ahmed
Ombudsman