

The complaint

Mr C complains that Santander UK Plc did not communicate the timescales for making a chargeback claim.

What happened

On 6 February 2023, Mr and Mrs C paid £825.00 to a leisure centre for a joint annual membership with Mrs C. The payment was made using a Mastercard debit card linked to Mr and Mrs C's joint account. Mr C disputed the transaction with Santander on 17 March 2023.

Santander wrote to Mr C on 18 March and 7 April 2023. Each letter said Santander needed some further information to help it assess their claim. Without this information, their claim will be closed. These letters also advised Mr C that he should *"return [the] form and any supporting documentation as quickly as possible, using the pre-paid envelope, as [there was only] a limited time to process [his] claim."*

Mr C sent the form and supporting documentation to Santander on 24 September 2023. Mr C explained he had paid for the annual membership to the leisure centre on 6 February 2023, but the leisure centre ceased trading and closed on 17 March 2023. They had sent a proof of debt form to the leisure centre and joint liquidator on 8 May 2023 but had not heard back.

On 4 October 2023, Santander asked Mr C to fill out another form with more information about his claim, which he returned on 17 October 2023.

On 28 October 2023, Santander told Mr and Mrs C their transaction was made more than 120 days ago, so it couldn't continue with their claim.

Mr and Mrs C complained. In its final response to their complaint, Santander said it sent forms to Mr C on 18 March and 7 April 2023, asking him to respond as quickly as possible as it only had a limited time to process their claim. Santander said that it was satisfied that it had done nothing wrong in not raising a chargeback on his behalf, on the grounds of time, but for sending him further claim correspondence on 4 October 2023 in error (his claim have already been deemed out of time and closed) it was prepared to pay him £75.

Unhappy with this response, Mr C referred this complaint to our service. Mr C says that in failing to disclose the time limits for making a claim, Santander broke the regulator's rules and its Consumer Duty towards them.

One of our Investigators reviewed Mr and Mrs C's complaint but didn't recommend it be upheld. Our Investigator explained that the Consumer Duty came into force 31 July 2023, so this did not apply to the letters Santander sent before then. Our Investigator explained it would have been reasonable for Mr C to have returned the forms in early May 2023, after contacting the liquidator. As Mr C didn't return the forms until September 2023, Santander didn't act unfairly in not submitting a chargeback claim. Our Investigator thought Santander's offer of £75 compensation was reasonable for the inconvenience caused to Mr C in returning

forms when his claim was already out of time.

Mr C disagreed with our Investigator's view, so this has come to me for a 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.

Mr and Mrs C said Santander breached its Consumer Duty towards them. As our Investigator explained, the Consumer Duty came into effect on 31 July 2023. It is not retrospective, so it does not apply to Santander's actions before then. This means the Consumer Duty was not in effect at the time Santander sent its letters to Mr and Mrs C in March and April 2023, or by the deadline for submitting a chargeback claim (which I'll explain below). When considering the events that occurred before 31 July 2023, I have considered whether Santander treated Mr and Mrs C fairly whilst taking into account applicable laws, rules and regulations that were in place at the time.

Mr and Mrs C are understandably disappointed a chargeback claim was not submitted. Here, the relevant card scheme rules are set out by Mastercard. It is important to explain that a chargeback claim is decided on Mastercard's rules rather than on the merits of the dispute between Mr and Mrs C, and the leisure centre. Whilst 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 would have been able to recover Mr and Mrs C's money from the leisure centre by making a chargeback claim.

Under Mastercard's rules, which Santander has no power to change, a chargeback claim must be submitted within 120 days from the date of transaction, or the last date Mr and Mrs C expected to receive the service. A 120 day deadline from 17 March 2023, when the leisure centre closed, means a claim needed to be made by 15 July 2023 at the latest. This deadline had passed by the time Mr C got back in touch with Santander. So, I think Santander was correct to say it was too late to attempt a chargeback.

However, Mr C has not complained that Santander was out of time to raise a chargeback, but that it failed to advise him of the 120 day time limit for doing so.

Until Mr C submitted his disclaimer form, which explained when the leisure centre had ceased trading, Santander wouldn't have known when the 120 day limit would begin or end. But in any event, Santander made it clear in my view that time was of the essence and the return of the necessary form and supporting documentation needed to be done quickly. I also think that the urgency of a quick return of the form and supporting documentation was re-emphasised to Mr C by the sending of a second letter to him within three weeks of the first. I would also add that I've seen nothing that prevented Mr C from contacting Santander to establish exactly how long he might have to return the form and supporting documentation if he was unsure how long he had to do so, but he didn't.

Overall, I don't think Santander acted unreasonably or unfairly in not submitting a chargeback claim without hearing back from Mr and Mrs C – I don't think a chargeback claim would have likely succeeded without it being clear the grounds on which a chargeback should be attempted or any evidence to support the claim.

In reviewing the complaint, Santander acknowledged it asked Mr and Mrs C for more information about their claim in October 2023 when it should have been clear that the deadline to submit the claim had expired. Santander offered Mr C £75 compensation, which I think fairly recognises the limited inconvenience caused by this particular issue.

Putting things right

If Santander has not already done so, it should pay the £75 compensation offered in its final response.

My final decision

My final decision is that Santander UK Plc should, if it has not already done so, pay Mr and Mrs C £75 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 5 March 2025.

Victoria Blackwood
Ombudsman