

## **The complaint**

Mr S complains about the way Starling Bank Limited ('Starling') handled his chargeback request.

## **What happened**

Whilst based abroad, Mr S applied for a residency permit to the relevant government department, who I will refer to as 'T'. He was due to attend a face-to-face meeting as part of the application process but on the day of his visit, T's computer systems weren't working. Mr S was asked to return the following week. However, he had to return to the UK for medical treatment due to a serious illness. When he contacted T by phone, he was told his application would not progress due to him leaving the country. So, Mr S contacted Starling to raise a chargeback. He wanted his residency permit application fees refunded which were £83.08 and £532.53 respectively – both payments were made to T on 12 April 2024.

After Starling rejected Mr S's chargeback request, he complained. When Starling initially responded to Mr S's complaint, it sent him a final response letter meant for another customer. Subsequently, Starling sent him another final response letter dealing with both his chargeback complaint and the issue with sending him another customer's data. In respect of the latter matter, Starling apologised to Mr S and paid him £200 for any distress and inconvenience it had caused. In terms of the chargeback issue, Starling didn't think Mr S had provided sufficient evidence to support a successful chargeback claim.

Mr S referred his complaint to our service. Amongst other things, he was unhappy with Starling because:

- the chargeback process had taken too long, and he'd wasted hours on answering repeated questions from Starling
- the form he was asked to complete didn't accept his answer due to character limits
- Starling rejected his dispute without initiating a chargeback
- the customer service he received was unhelpful and unsympathetic
- the initial response he received from Starling was addressed to another customer and was a 'big data breach' - he wanted additional compensation for this issue

Our investigator who reviewed Mr S's complaint, didn't recommend upholding it. The investigator considered Starling had handled the chargeback request fairly and provided Mr S with clear reasons for not progressing it further. The investigator also considered £200 fairly reflected the distress and inconvenience caused by Starling in issuing Mr S with the incorrect letter particularly as it wasn't his data that was impacted.

Mr S disagreed for the reasons I've summarised above and asked for an ombudsman to review this matter.

## **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 considered the submissions by the parties, but I will only comment on what I think is key to deciding this complaint.

### *Chargeback*

A 'chargeback' is a way for a debit card provider to reclaim money from the merchant's (T's) bank when a consumer doesn't get the goods or services they paid for. This is a voluntary scheme and there's no guarantee the card provider will be able to recover the money this way. The process is subject to the rules of the scheme – which, in this case, are set by Mastercard – and a strict criteria and time limits apply. Whilst a consumer is not entitled to chargeback by right, where there are grounds to raise one and it has a reasonable prospect of success, it is good practice for one to be raised by the card issuer.

There's no dispute that Mr S referred his chargeback request within the relevant time limits. And looking at Mastercard's scheme rules, I think in this case there are two possible grounds under which a chargeback could have been initiated. The first of these is 'goods or services not provided'. However, this provision only applies to services that 'were not provided', rather than, as was the case here, services which were available but unused. Whilst T was unable to see Mr S for his first appointment due to computer issues, it did offer to see him a week later. As I understand it, Mr S was not able to attend due to having to return to the UK for medical treatment. This was clearly unfortunate, but I don't think the service he paid for wasn't provided. Rather the service was available but wasn't utilised by Mr S.

The other relevant chargeback option is 'services were either not as described or defective', which, covers situations where the merchant (T) didn't honour the terms and conditions of the contract. But I can't see that Mr S was able to provide Starling with any evidence of such a breach. T offered to reschedule the appointment which he didn't attend. And it appears it was a condition of the application process that Mr S stay in the country for which he was applying for residency, which, as Starling told Mr S, was likely to be in line with the immigration policies of that country. And because he did not remain in the country, this meant his application could no longer be progressed.

So, based on the evidence Mr S was able to provide to Starling, or that was reasonably available to it, I don't think it acted unfairly or unreasonably when it took the view there wasn't enough evidence to prove that T had failed, or refused to provide, the service to Mr S for which he paid for. I know Mr S thinks Starling should've initiated a chargeback to ultimately let Mastercard make the decision. But based on the evidence Starling had, I'm not persuaded this chargeback had a reasonable prospect of success. Therefore, I don't think its decision not to initiate a chargeback was unfair or unreasonable here.

### *Customer service issues*

Mr S was unhappy with Starling's customer service. Some of this dissatisfaction was from how long the process took and how many questions was asked. But I can't see that there were unreasonable delays caused by Starling. It was awaiting information from Mr S and I can see it tried to call as well as email him on a number of occasions to progress the matter. From beginning to end, this process took less than four weeks. I can't say this was an unreasonable amount of time for this type of claim.

In terms of the number of questions Starling asked Mr S, I think it was trying to reach a decision as to whether to initiate a chargeback in line with Mastercard's scheme rules. I think Starling was entitled to get sufficient information to reach that decision. Whilst this process may have caused Mr S some inconvenience, I can't say this went beyond what I'd expect

someone to experience as part of the chargeback process. It was unfortunate that Mr S experienced some technical issues with the character limits on his online form. But Starling was able to obtain the information from him via other means, and I can't see this caused any unreasonable delay or detriment to the outcome of the case.

Mr S says Starling was unsympathetic to him in relation to a serious illness he has. I acknowledge that Mr S was going through, what must have been, a very difficult time which I'm of course sorry to hear about. But having reviewed the correspondence between him and Starling, I can't fairly or reasonably say its agents acted unsympathetically towards Mr S. For example, in an email dated 10 May 2024, the Starling agent specifically addressed what Mr S had told them about his illness. The agent expressed sympathy with Mr S's situation; offered to speak to him by phone to help with communicating with him easier; offered to record his situation on file, with his consent, so he wouldn't have to keep repeating sensitive information to other agents; and offered to make any reasonable adjustments he required. All in all, I think Starling acted fairly and reasonably in terms of how it responded to Mr S's particular situation and needs.

#### *Receipt of another customer's personal data*

Finally, in respect of the information sent to Mr S which contained another customer's information, I can see Starling credited his account with £200 for this mistake. As far as I can tell, Mr S's personal data wasn't impacted by what had happened. And given this was a one-off mistake which was quickly rectified, I think £200 fairly and reasonably reflects any distress and inconvenience Mr S may have experienced.

For all these reasons, I'm not asking Starling to do anything further.

#### **My final decision**

My final decision is that I consider the compensation Starling Bank Limited offered and paid Mr S for its mistake, is fair and reasonable. It doesn't have to do anything further to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 April 2025.

Yolande Mcleod  
**Ombudsman**