

The complaint

A company, W, complains that WorldPay (UK) Limited (WorldPay) did not successfully defend a chargeback raised against it, which meant that it lost out financially.

What happened

W is a merchant. On 2 March 2024, it took payment of £495 for goods, which it says were delivered to its customer upon receiving payment.

On 5 April 2024, WorldPay notified W that a chargeback had been raised by the cardholder in relation to the transaction, on the basis that the item was “Not as Described or Defective Merchandise/Services”. The letter stated that if W wanted WorldPay to defend the chargeback, it would need to send any supporting documentation to WorldPay within 10 days.

W attempted to defend the chargeback claim and on 10 April 2024 it provided supporting evidence showing that the item ordered by the cardholder had been delivered. WorldPay sent this to the Visa on 15 April 2024. W provided some additional evidence on 8 May 2024. WorldPay has confirmed that this was received and also sent on to Visa.

On 13 May 2024, WorldPay heard back from Visa, which said that the chargeback had not been successfully defended. WorldPay then relayed this to W.

W says that the product it supplied was the same as that ordered by the cardholder and that the item was as described. It has offered a full refund and collection of the item but has never received any contact from the cardholder. W maintains that the chargeback is unjustified and that, as a result of this, the cardholder both gets their money back and gets to keep the product. It says that it has now lost out financially, as WorldPay has not successfully defended the chargeback.

WorldPay says that W’s account was debited for the chargeback in line with the card scheme rules and terms and conditions of W’s agreement. It said that there was nothing further that it could do in relation to the chargeback as Visa had made its decision.

Our Investigator looked into W’s complaint and couldn’t hold WorldPay responsible for W’s loss, as it was the card scheme (Visa) which made the final decision about whether a chargeback defence was successful. He was satisfied that WorldPay had acted reasonably and in line with its terms and conditions.

W disagrees with this, so the case has come to me to make a decision. W says that it would like to see what WorldPay communicated to Visa to defend its case. It also says that WorldPay did not provide the full reason for the chargeback and only being told that the item was ‘not as described’ was not enough for it to decide what was needed to defend the case. W says that it was only later when it asked for an update that it was asked to send more information.

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.

Having looked at the evidence, I agree with the Investigator's view for broadly the same reasons. I've explained my reasons further below.

I should start by saying that I will not be looking at the merits of the dispute between W and the cardholder. The chargeback process is operated by the card scheme and decided based on the card scheme's rules (in this case, Visa). So, ultimately, it was Visa's decision as to whether the chargeback was successful.

WorldPay did not operate the scheme and was not responsible for deciding whether the chargeback should be successful. The chargeback was initiated by the cardholder's card issuer, so it was for WorldPay to respond to this. So I will only be look into WorldPay's actions, and whether it acted fairly and reasonably once the chargeback was raised.

I would expect WorldPay to act in line with its terms and conditions to ensure that the chargeback was handled correctly. So I have considered WorldPay's terms and conditions, which also incorporate its customer operating instructions.

The terms and conditions set out that, in the event that a merchant wishes to dispute a chargeback, it is the merchant's responsibility to prove to WorldPay's satisfaction that the transaction was authorised and provide other evidence in support of the claim, which may vary according to the nature of the chargeback. The terms set out that WorldPay shall not be obliged to investigate the validity of the chargeback and that any decision of the relevant card scheme shall be final and binding.

The customer operating instructions set out that 'card not present' transactions carry a greater risk of fraud, which can make a business susceptible to both credit card and chargeback fraud. They set out the chargeback dispute process which states that *"As your acquirer we'll always act on your behalf during this process, but if you don't respond to our request for information in time or card scheme rules were breached, the transaction may be debited from your account"*.

The instructions state that it is for the merchant to either accept the chargeback or provide supporting evidence to WorldPay to defend the chargeback. WorldPay would then receive the supporting information from the merchant and if provided within the time frames will represent to the issuer.

Under the section on disputing a chargeback, the customer operating instructions state *"You will need to provide information relevant to the nature of the dispute. See 'Information to supply if you receive an RFI letter' [hyperlinked] for the details of the type of information you should supply. WorldPay review any information you can provide in order to defend a chargeback on your behalf however, this must be provided within the required airframes"*.

WorldPay received notification of the chargeback on 5 April 2024 and I can see that it advised W of this on the same day, so I think it has done this in a timely manner and in line with its documented process.

In WorldPay's letter of 5 April 2024, it stated that WorldPay could attempt to defend the chargeback on W's behalf and that, in order to do this W would need to send any supporting documentation to WorldPay within 10 days of the date of the letter. The letter also set out that if W's reply was late or there was insufficient information, then WorldPay could not defend W's position under the Card Scheme Rules.

W provided some evidence on 10 April 2024, which WorldPay submitted to Visa on 15 April 2024 in an attempt to defend the charge on W's behalf. W provided further evidence to WorldPay on 8 May 2024. As this was outside the deadline provided in the letter, WorldPay says that this could only be sent in a "good faith manner" and not as a formal defence submission. However, it did pass this on to Visa and says that the records provided show that this was considered by the card issuer.

So I am satisfied that WorldPay made W aware of the deadlines in which it needed to have received the defence of the chargeback, that it passed W's representations on to Visa in accordance with its process, and that it defended the chargeback in line with its terms and conditions.

W says that WorldPay did not provide sufficient information at the outset about the reason for the chargeback, so it did not know what information it needed to provide to defend the case.

The customer operating instructions set out that, if a business is not sure about the reason for a chargeback, it can contact the WorldPay helpdesk. I can't see that W did so in this case, and certainly not before the deadline specified in the letter. Ultimately, it was a matter for W to decide what information it wanted to provide in order to defend the claim. So I would not expect WorldPay to specify what evidence W needed to provide.

Visa notified WorldPay on 13 May 2014 that the defence of the chargeback had been unsuccessful. Therefore, Worldpay notified W on the same date that the funds would be debited from its account.

The terms and conditions of the agreement between W and WorldPay state *"You are liable for each Chargeback and these represent a debt immediately payable from you to us. Please refer to the Customer Operating Instructions for further information about Chargebacks, including the process for disputing a Chargeback. It may not always be possible however for you to dispute Chargebacks successfully, even where you have provided goods or services. This is a risk of your business, which you accept"*.

I am therefore satisfied that the chargeback has been correctly debited from W's account in accordance with the card scheme rules and terms and conditions, as W agreed to pay WorldPay in respect of any chargebacks received.

I know my decision will come as a disappointment to W, but I don't think that WorldPay has acted unreasonably in the circumstances of this case, and I don't uphold this complaint.

My final decision

For the reasons I've explained above, I don't uphold this complaint and don't require WorldPay (UK) Limited to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 20 February 2025.

Rachel Ellis
Ombudsman