

The complaint

Mr S has complained about the way Bank of Scotland plc handled a chargeback with a merchant who he felt had acted fraudulently.

What happened

In January 2024, Mr S told Bank of Scotland that a recent £429 card payment to a merchant was fraudulent. According to the record of the conversation, Mr S said he didn't recognise the payment and didn't recognise the name of the company.

As such, Bank of Scotland raised a chargeback claim for Mr S, on the basis that he had not made the payment. They provided a temporary refund of the £429. But the merchant sent in comprehensive evidence that Mr S had made the payment. So the chargeback failed and Bank of Scotland took the temporary refund back. Mr S has since explained that he did make the payment, but the merchant didn't provide the service in the way he thought they would, so he feels the merchant acted fraudulently.

A staff member at Bank of Scotland incorrectly told Mr S that they might be able to raise a second chargeback claim for him. But they were mistaken. Mr S complained, and Bank of Scotland paid him £50 compensation for misadvising him.

Our Investigator looked into things independently and thought Bank of Scotland had already dealt with things fairly. Mr S asked for an ombudsman to make a final decision, so the case 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 should first clarify that this case is against Bank of Scotland, rather than the merchant. So in this case against Bank of Scotland, I'm only looking at what Bank of Scotland are responsible for. And they're not generally responsible for the actions of the merchant, who are a separate, unrelated business to Bank of Scotland.

Bank of Scotland can raise chargebacks, as a way to try to help customers get money back in certain situations. Chargebacks are voluntary – so Bank of Scotland didn't strictly have to do one here, though it's often good practice to try one if it's likely to be successful.

Here, it looks like Bank of Scotland raised an appropriate chargeback claim based on what Mr S told them. According to the record of the conversation, Mr S said he didn't recognise the payment or the company. So it seems reasonable that Bank of Scotland raised the chargeback on the basis that Mr S thought he hadn't made the payment.

The merchant provided comprehensive evidence that Mr S had made the payment. This included how Mr S had paid using his genuine card details, had been in touch with the merchant since 2021, and had an account with them registered under his genuine details. He'd verified his genuine email address, authenticated his account using a text sent to his genuine mobile phone number, logged in from a consistent internet connection, had emails and calls with the merchant using his genuine contact details, had provided the details of his registered limited company to the merchant, and had kept in touch.

As such, the chargeback failed and so the temporary refund needed to come out again. I can't see that Bank of Scotland did anything wrong there – it looks like they raised the chargeback based on what Mr S had told them. Further, as part of their evidence pack, the merchant also provided evidence to show that they did provide the service Mr S had paid for. So even if Bank of Scotland had raised the chargeback on the basis that the services were not received, it seems most likely that chargeback would not have succeeded anyway.

Where Bank of Scotland did get things wrong was in telling Mr S they could dispute the payment a second time for him. That staff member was mistaken – under the chargeback scheme rules, Bank of Scotland were actually not allowed to do that. So it wasn't possible for them to raise a chargeback for that payment a second time. I can see that this misadvice caused Mr S some confusion, stress, and upset. So it seems fair that Bank of Scotland paid him some compensation for that. The £50 they paid is fair to put right the impact of that one small mistake.

My final decision

I find that Bank of Scotland plc have already dealt with this matter fairly. I don't require them to do anything more in this case.

This final decision marks the end of our service's consideration of the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 December 2024.

Adam Charles
Ombudsman