

The complaint

Mr H complains Santander UK Plc didn't do enough to help get a refund for a purchase made on his debit card.

What happened

In December 2023, Mr H bought a bike, paying with his Santander debit card. Having received the bike, Mr H changed the tyres and established he couldn't refit the back wheel.

After trying to resolve the problem with the seller, Mr H contacted Santander for help getting a refund, saying the bike was defective. Santander said based on the evidence available it wasn't able to help. Mr H consequently complained.

Santander didn't agree it had done anything wrong. It said the only route to help get a refund was via a chargeback (a means of challenging a transaction with the seller via the card scheme – Mastercard) and the card scheme rules set out requirements before a chargeback could be raised, which hadn't been met.

Unhappy with Santander's response, Mr H referred his complaint to our service. One of our Investigators looked into things and thought Santander could have raised a chargeback based on Mr H's testimony. However, against the card scheme rules, the Investigator didn't think the claim would have been successful, so he didn't think Santander needed to compensate Mr H the value of the bike. However, as the service could have been better, he thought Santander should pay £100 for any inconvenience caused.

Santander accepted our Investigators findings, however Mr H disagreed. He said the seller had refused to take the bike back, and had the chargeback been raised it would have had a good chance of success, so it was unfair he was now left with a bike that didn't work, rather than a refund. As the matter couldn't be resolved, it's 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.

In this complaint I'm looking at the actions of Santander and whether it acted fairly and reasonably in the way it handled Mr H's request for help in getting his money back. This will take into account the circumstances of the dispute and how the supplier acted, but there are also other considerations, such as the card scheme rules, which Santander must follow and its own obligations.

Mr H paid using his debit card. This meant the only realistic option available to Santander to get the money back was to engage with a process known as chargeback.

The chargeback process provides a way for a bank to ask for a payment its customer made to be refunded. Where applicable, it raises a dispute with the supplier and effectively asks for the payment to be returned to the customer. There are grounds or dispute conditions set by

the relevant card scheme (Mastercard) and if these are not met, a chargeback is unlikely to succeed. The process provides an opportunity for a supplier to provide a defence to the chargeback and provide its own evidence in support of that defence. If the supplier continues to defend the chargeback the bank can either accept that defence if it believes it is valid, or, it can ask the card scheme to decide who gets to keep the money – usually referred to as arbitration.

Santander now accepts that based on the information Mr H provided, it likely did have enough to raise a chargeback under the reason code: *'Goods/Services Were Either Not as Described or Defective'*. So, I've then thought about what's most likely to have happened had it raised the chargeback on behalf of Mr H.

My understanding is, when Mr H became aware of the problem with the bike, he returned to the seller and asked for a refund. The seller was able to find a fix, reattaching the back wheel and therefore declined to offer a refund. I note Mr H was unhappy with the resolution, saying the wheel then turned slowly and it meant he'd have to return to the seller should he ever need to change the back wheel.

In circumstances such as this, it's not possible to say what would have happened had a chargeback been raised by Santander, so I need to consider what's most likely to have happened. Having done so, based on the evidence available, I'm not persuaded it's more likely than not to have succeeded. I appreciate won't be the answer Mr H is hoping for. I've explained in some more detail why I think this.

Had a chargeback been raised, I think the seller is likely to have defended it, as they'd declined Mr H a refund when he'd asked for it directly. Then considering what the seller may have provided in its defence, it seems likely it would have said the problem was already sorted – in that it was able to refit the back wheel.

I appreciate Mr H says this solution wasn't viable and wished to proceed with a refund, however it isn't for Santander here to decide whether the solution was acceptable, rather it would have to consider the evidence, against the card scheme rules. Had it done this, I don't think it would have been possible to challenge Mr H's chargeback further. I say this because I think the seller's defence would have been that it had provided a solution to the problem, or that there was insufficient evidence provided that the bike was defective. Without further evidence confirming the problems with the bike, Santander wouldn't have been in a position to challenge any response from the seller, and Mr H has previously confirmed he's submitted all the evidence available.

I realise this answer will likely come as a disappointment to Mr H, however while I agree Santander didn't do what it should have in terms of raising the chargeback, I think that had it been raised, the outcome is likely to have been the same, which is that he wouldn't have received a refund for the bike.

In saying this, I do think Santander could have provided Mr H with better service during the claim. Mr H was sent letters asking for further evidence although he'd confirmed he had submitted everything and when calling Santander was given differing answers on why his claim wasn't being progressed. In the circumstances I do think it's fair Santander pays compensation to recognise this, and I think £100 is reasonable for any inconvenience caused.

My final decision

For the reasons I've set out above, I uphold this complaint. To put things right, Santander UK Plc should pay Mr H £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 February 2025.

Christopher Convery
Ombudsman