

## The complaint

Mr P complains about how American Express Services Europe Limited (AESEL) dealt with his request for a refund for a transaction he made on his credit card. Mr P also complains that AESEL hasn't refunded him for a credit balance and hasn't paid compensation following his complaint to them.

## What happened

In March 2023, Mr P paid £203 on his AESEL credit card for three items with a company I'll call "D" that were to be delivered to his house. Mr P received notification that the items were delivered from the courier D used, but he noticed that the photo taken by the courier purporting to show delivery wasn't of his house.

Mr P told D that he hadn't received the items he'd ordered, but he didn't get anywhere with them. So, he asked AESEL for help in getting his money back. He sent them a copy of the invoice from D showing the order, proof that he'd contacted D to try to resolve the matter, a photo used by the courier to confirm delivery, and a photo of his front door.

AESEL raised a chargeback and temporarily re-credited Mr P's account with £203, but the chargeback was defended by D, who provided tracking information that they said confirmed the items had been delivered to him.

AESEL closed the chargeback in D's favour as they felt the evidence they'd seen supported the items being delivered correctly. So, they re-debited Mr P's account with £203. AESEL asked Mr P to review D's evidence and to let them know if there was any detail which they felt had been incorrectly represented. Mr P told them that the evidence D had submitted was evidence he'd already sent to AESEL to show the items hadn't been delivered.

AESEL then overturned their initial decision and found the claim in Mr P's favour. However, Mr P complained as he wasn't happy that AESEL had supported D's defence to the chargeback when he'd already sent evidence showing that their defence was essentially incorrect. Mr P also complained that a promised credit balance refund of £69.99 for a separate transaction hadn't been given to him by AESEL.

AESEL sent Mr P their final response to his complaint on 11 April 2023. They said they hadn't made any errors in respect of his chargeback but agreed that they didn't process the credit balance refund despite this being agreed. AESEL said they had applied a £70 credit to Mr P's account by way of an apology, which corresponded to the £69.99 credit balance refund.

Mr P remained unhappy and referred his complaint to us. One of our investigators looked into what had happened but didn't think AESEL needed to do anything. In summary, she felt that AESEL had broadly handled the chargeback correctly although did agree they should have noticed D's evidence was questionable enough to continue to pursue matters. And she felt that AESEL had acted fairly in refunding £70 to Mr P in respect of the credit balance refund.

Mr P didn't agree with our investigator's view and asked for an ombudsman's decision. So, the complaint has been passed to me.

### 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'm aware that I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I want to assure Mr P and AESEL that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

I've firstly considered how AESEL handled Mr P's chargeback.

A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant card scheme. What this means here is that AESEL can in some circumstances ask for a transaction to be reversed if there's a problem with the goods or services supplied by the merchant that the consumer paid for. But the chargeback process doesn't give the consumer legal rights and it isn't guaranteed to result in a refund. It all depends on what the merchant says in response to the request the bank submits.

There must first be a right to apply for a chargeback under the card scheme rules. And I'd consider it to be good practice for a bank to raise a chargeback if it has a good chance of succeeding. It's important to note that chargebacks are decided based on the card scheme's rules, not the relative merits of a cardholder/merchant dispute. So, it's not for AESEL, or me, to decide whether Mr P should have received his money back for the items he says weren't delivered to him. AESEL should raise the appropriate chargeback and consider whether any filed defence complies with the relevant chargeback rules. I think that's broadly what AESEL likely did in respect of Mr P's claim. I'll explain why.

AESEL raised a chargeback for Mr P under the reason code '*has not received order/item/service*' and did so promptly after Mr P had sent them his evidence. When D sent their defence to AESEL, AESEL wrote to Mr P asking him to review their defence so they could consider whether to pursue the chargeback further. I agree with Mr P that AESEL should have noticed that D's evidence in defending the claim had already been provided to them by him as evidence that the items hadn't been delivered to him. So, I can understand why Mr P was frustrated that AESEL accepted D's position rather than his. However, AESEL did ultimately agree that the chargeback should fall in Mr P's favour and did so, according to their records, on 6 April 2023. So, I don't consider that Mr P was particularly inconvenienced overall bearing in mind the chargeback was initially raised towards the end of March 2023.

I've seen a copy of Mr P's credit card statement which shows that his account was recredited with £203 after AESEL found in his favour, as shown from the extract below:

Transaction Date	Process Date	Transaction Details	Foreign Spend	Amount £
Mar 12	Apr 7	CREDIT FOR DISPUTED CHARGE		203.00 CR

So, overall, while AESEL could have handled the chargeback a bit better than they did, they have acknowledged this and bearing in mind my comments about the overall time that elapsed before Mr P's account was refunded, I don't find that an award of compensation is

necessary or required.

I've next considered how AESEL dealt with the credit balance refund of £69.99. AESEL accepts they didn't process this when they should have, and that's why they offered Mr P £70 after he complained to them about this.

However, Mr P says he didn't receive the £70 or the £69.99 that he was originally entitled to.

I've looked at Mr P's credit card statements and can see the following entry from 11 April 2023:

Apr 11	Apr 11	CREDIT ADJUSTMENT	70.00
			CR

In their final response letter to Mr P of 11 April 2023, AESEL said they had applied a credit of £70 to his account by way of apology for the credit balance refund issue. The above entry shows Mr P's account was credited on the same day. On balance, I'm satisfied this represented the £70 AESEL offered to Mr P in their final response letter, and I think this was a reasonable sum to offer in relation to this part of Mr P's dispute.

AESEL hasn't though been able to send us reasonable proof that they recredited the £69.99 back to Mr P. I note they sent us a copy of their ledgers which show a cheque for £69.99 was raised, and then cashed on 9 May 2023. However, AESEL hasn't been able to show that this cheque was linked to Mr P and the £69.99 in dispute. And Mr P has sent us a copy of his bank statements which show that this amount wasn't credited to his account. So, I think it more likely than not that Mr P didn't receive the cheque. AESEL has agreed to reissue this cheque to him.

Overall, and while I appreciate that Mr P isn't happy with how AESEL dealt with the credit balance refund and compensation, I think this is a fair way to resolve his complaint.

In closing, I note that Mr P has told us that AESEL closed his credit card account. I'm unsure whether he feels this relates to the above matters I've considered. Mr P will need to raise this as a separate complaint with AESEL as I've not seen that they've investigated this yet. If they have, then we may be able to look at this under a separate complaint.

### **Putting things right**

AESEL should send Mr P a cheque for £69.99 as agreed, which represents the credit balance refund figure that was in dispute.

### **My final decision**

I uphold this complaint and direct American Express Services Europe Limited (AESEL) to take the action I've set out in the 'putting things right' section of my decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 11 October 2024.

Daniel Picken  
**Ombudsman**

