

The complaint

Mr M and Mrs M complain about a chargeback claim with TSB Bank plc (TSB).

What happened

Mr M and Mrs M had some work done on their driveway and made two payments by debit card to the limited company concerned:

Date	Payment	Amount
20 October 2023	Visa Debit card	£1,125
20 October 2023	Visa Debit card	£1,125

Mr M and Mrs M weren't at all happy with the work. They tried to resolve it with the contractors but without any success. The contractor offered to come back to put things right, but by then Mr M and Mrs M had lost confidence in them and declined a further visit.

So they contacted TSB who started a chargeback claim under the Visa chargeback rules. As part of that, TSB temporarily credited their bank account with two sums of £1,125 on 29 November 2023.

On 22 January 2024, TSB wrote to Mr M and Mrs M and said the contractor had contested the chargeback claim and said it had failed. Mr M and Mrs M's bank account was then debited with the money on 8 February 2024.

Mr M and Mrs M complained. They said they'd been duped by the contractors and TSB should pay the money back. They said TSB hadn't handled their claim professionally and took a long time to respond. And when the bank wrote to them on 22 January 2024, it wasn't made clear that further information could be sent in before the claim was closed.

TSB reviewed Mr M and Mrs M's complaint. On 1 April 2024, the bank said the chargeback claim was declined as the contractor challenged the dispute. And as Mr M and Mrs M didn't respond to the email dated 22 January 2024, the dispute couldn't be taken any further.

Mr M and Mrs M brought their complaint to us. Our investigator said the Visa chargeback process isn't guaranteed to provide a refund – it is done on a 'best endeavours' basis. We can only expect TSB to raise a chargeback claim if there was a reasonable chance of success. TSB went ahead and raised a claim but the contractor contested it and said the service was provided. The contractor also said they'd carry out further work to put things right.

So, our investigator considered TSB handled the claim satisfactorily.

He thought about whether this was a scam case – whether Mr M and Mrs M were tricked

into making a payment when no service or products were ever going to be provided. But this didn't appear to be the case - as the contractor's limited company was registered at Companies House and was a trading entity. So – this wasn't a case that could be considered for a refund under the rules banks follow for making refunds where a scam takes place.

During our investigation, TSB accepted they could have provided clearer information to Mr M and Mrs M and made an offer of compensation of £150.

Mr M and Mrs M declined this offer and asked that an ombudsman look at their complaint and make a final decision, and so it has come 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 was sorry to learn of the bad experience that Mr M and Mrs M have gone through. But it may help if I explain our role. We are not a consumer group acting for (in this case) Mr M and Mrs M. We are an informal complaint resolution service. We are independent and impartial and our role is to listen to both sides of a complaint, take evidence from both parties, and then decide on a fair and reasonable outcome. It's important to bear this in mind here.

I need to decide whether this was a scam (where a scammer takes money from a customer with no intention of providing any services or returning the money to them) or a civil dispute (where a payment is made to a legitimate trading company or business, but the promised services or products don't materialise, or are sub-standard).

If this was a scam – then banks (including TSB) must follow industry and regulatory guidance to check certain payments and in some circumstances, protect customers by stopping the payments and contacting customers about them. And where banks haven't followed the guidance, they can be asked to refund them. This is called 'Authorised Push Payments guidance (APP).

To give an idea, typical scams are commonly perpetrated by criminals through illegal call centres - for example, scams relating to online banking, or tricking customers into transferring funds to a 'safe account', and romance or investment scams using social media.

But where payments are made to a valid business for work to be done, then such principles don't apply. This is then classed as a civil dispute, and for which banks normally have no liability.

I therefore looked at Mr M and Mrs M's complaint with this in mind. I can see this is clearly a civil dispute between them and the contractor. I say that as the contractor was registered at Companies House as a limited company and had filed annual accounts. And there was a signed contract for the work to be done. And - although the work was deemed to be unsatisfactory by Mr M and Mrs M - it was carried out.

So, TSB did the right thing to treat this as a chargeback case.

My role is to decide whether TSB dealt with Mr M and Mrs M's chargeback claim effectively and in line with what we would expect. The decision on a refund is made by Visa in this case, not TSB.

The chargeback scheme operated by the card schemes (e.g. Visa and Mastercard) are

voluntary and do not guarantee a refund in every case. They operate to strict rules. The process is that the bank (TSB in this case) puts the claim to Visa (in this case) and Visa ask the contractor for their side of the story. Where the supplier of the service disputes what a customer has claimed (typically if the retailer or service provider says the service or product has been provided), then Visa may make a decision not to refund the amount paid.

And that's what happened in this case – I can see the contractor said the driveway had been properly treated and offered to visit Mr M and Mrs M to put things right. But Mr M and Mrs M hadn't allowed them access to do the work – I can see this is consistent with what Mr M told us. The contractors also showed a signed contract signed by Mr M and argued the service was provided.

On that basis, the claim was denied. TSB wrote to Mr M and Mrs M on 22 January 2024 to say this. I reviewed the email TSB sent. It said: *"The retailer has not accepted liability...Unfortunately we cannot help any further and suggest that you direct any queries you have about this payment to the merchant.*

We will close this dispute and debit your account XXX with the original amount paid on 9 February 2024."

TSB said in their final response that they closed the claim as Mr M and Mrs M didn't then respond to this email – but I can see that it didn't ask for a response.

I can see that during this time, Mr M was still trying to get the contractor to put things right at his house, but without any success. I considered what would've happened if Mr M had replied to the email dated 22 January 2024.

Looking at the case, I can't see that any new evidence was available to be brought forward that might have changed Visa's decision. So while TSB's communications should've been clearer (for example, inviting any new evidence and giving a deadline date), in my view it wouldn't have made any difference to the outcome of the chargeback claim. And so – I can't say TSB is liable to refund £2,250.

But, because TSB's communications could've been clearer, I agree that compensation of £150 is appropriate. I know that Mr M and Mrs M are looking for a full refund, or more compensation, but for the reasons I've given, I don't think that is a fair thing to ask TSB to do here.

Putting things right

TSB must pay compensation of £150. **(continued)**

My final decision

I uphold this complaint. TSB Bank plc must:

- Pay compensation of £150 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 10 October 2024.

Martin Lord
Ombudsman