

The complaint

Mrs W complains Santander UK PLC didn't do enough to help get a refund for a purchase made on her credit card.

What happened

In October 2023, Mrs W bought a rug from a retailer I'll call "B". Within a couple of months Mrs W says the rug had deteriorated. Having raised this with B, it didn't agree there was any defect with the rug, but offered and paid Mrs W 20% of the purchase price to acknowledge any disappointment. Mrs W didn't think this went far enough, as she wanted a replacement or refund for the rug.

Mrs W consequently contacted Santander for help, having paid for the rug with her credit card. Initially Mrs W tried to raise a chargeback, which is a process of asking B for a refund via the card scheme provider – Mastercard. By the time Mrs W submitted the requested information, Santander said she was out of time to raise a chargeback.

Santander then said it may be able to consider a claim under Section 75 of the Consumer Credit Act 1974 "Section 75", whereby a credit provider may become liable if there's a breach of contract or misrepresentation by the supplier of the goods (B).

However, Santander said without further evidence, such as an independent report, it couldn't say the rug was faulty or not fit for purpose. Therefore, Santander didn't agree there was enough to say it was liable under Section 75.

Mrs W complained. She said Santander hadn't made her aware of the chargeback timescales and had it, she would have ensured she'd returned the information in time. Added to this Mrs W was unhappy Santander required more evidence, when it was evident the rug wasn't fit for purpose.

Santander didn't agree it had done anything wrong. In relation to the chargeback, it said time limits were set by the card scheme provider and Mrs W had referred the full details of her chargeback out of time. In relation to the Section 75 claim, Santander maintained it didn't have enough evidence to demonstrate there was a fault but would consider any further evidence should Mrs W be able to provide it.

Unhappy with Santander's response, Mrs W referred her concerns to our service. One of our Investigators looked into what happened and didn't think Santander had acted unreasonably. For the chargeback, they said Mrs W had submitted the details of her dispute out of time, meaning Santander couldn't assist further. In relation to the Section 75 claim, the Investigator thought Santander had fairly assessed this and it was reasonable in asking for further evidence and without this, it wasn't required to do anything further.

Mrs W disagreed. She provided a quote to have the rug cleaned at a significant cost. Mrs W also reiterated that the rug was not fit for purpose and falsely advertised as it was made of a delicate fabric, whereas B had suggested it could be placed in a high foot traffic area. 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.

As Mrs W bought the rug on her credit card, there are two processes through which Santander may have been able, or obligated to provide a refund, through a chargeback or a claim under Section 75. I've therefore considered each of these in turn below.

Chargeback

A chargeback is a method in which Santander can ask B for a refund via the card scheme; Mastercard. There are strict rules set by the card scheme including timescales to raise a chargeback. One of these is that a dispute about the quality of goods must be raised within 120 days of ordering or receiving the goods.

Mrs W initially called Santander to raise a chargeback, however it required further evidence to support the dispute and wrote to Mrs W asking for this. From the evidence available it would appear Mrs W returned the information outside the above time limit, meaning Santander wasn't then able to dispute the transaction via chargeback, as it has no discretion to set aside this time limit.

Mrs W queried why Santander didn't tell her a claim had to be raised by a certain date when she initially called for help. However, as our Investigator explained there are different timescales that can apply to raising a chargeback depending on the circumstances of the dispute, and I can see Santander wrote to Mrs W asking for the further information on more than one occasion, so I think Santander did what it was expected to, in the circumstances.

While I don't think Santander was wrong not to attempt a chargeback for the reasons above, I've thought about what's likely to have happened had it done this. As B had paid a partial refund directly to Mrs W, I think it's likely to have defended the chargeback along the same lines, saying any problems were likely wear and tear and that its partial refund was fair. Had this happened, I think it's unlikely Mrs W's chargeback would have been successful, as when considering the card scheme rules, it wouldn't have been possible to dispute the transaction further.

As a result, I don't think Santander caused Mrs W a loss in not raising a chargeback, as it was out of time to do so.

Section 75

In deciding what I think is fair and reasonable, I need to have regard to, amongst other things any relevant law. In this case, the relevant law is Section 75, which says that, in certain circumstances, if Mrs W paid for goods or services, using her Santander credit card, and there was a breach of contract or misrepresentation by the supplier (B), Santander can be held responsible.

There are conditions that need to be met for Section 75 to apply. One of these is that there needs to be a 'debtor-creditor-supplier' (DCS) agreement in place between the parties to the transaction. The other is that the item purchased must fall within set financial limits. I'm satisfied that Mrs W's claim meets both requirements.

Mrs W raised her dispute on the basis that the rug had worn faster than expected, implying a breach of contract. Mrs W also said the rug had been misrepresented as B failed to make clear the specialised cleaning that would be needed, including its reaction to water.

Has there been a breach of contract or misrepresentation?

Misrepresentation

For the purposes of this case, a misrepresentation is a false statement of fact which induces another party into a contract which leads them to suffer a loss. So, to say that occurred in the circumstances of this complaint, I'd need to be satisfied that a false statement reasonably induced Mrs W to buy the rug.

Mrs W says the information at the point of sale wasn't clear, with B's website stating the rug was 'water sensitive', whereas it should have been described as 'water allergic'.

Santander didn't agree there had been a misrepresentation, saying there wasn't evidence the rug wasn't fit for purpose and that the website detailed the fabric of the rug and that there were care conditions available before Mrs W made the purchase.

While I note Mrs W's comments, I think Santander was reasonable in concluding there hadn't been a mis-represented statement that induced her to buy the rug. The information available prior to purchase acknowledged that the rug had care conditions alongside listing the material type. I don't find the statement of 'water sensitive' induced Mrs W to buy the rug, so I think Santander was reasonable in concluding a misrepresentation hadn't occurred.

Breach of contract

A breach of contract occurs when one party to the contract fails to discharge its obligation to the other. These obligations may come about as a result of an express term of the contract, or because of terms implied by legislation.

Much of Mrs W's concerns relate to the quality of the rug, and as such I think could be described as an alleged breach of contract. Santander asked Mrs W for further evidence such as an independent report to show the rug is faulty or not fit for purpose, but to date hasn't received this.

Santander said there was no evidence to show the rug was not fit for purpose, or that there were manufacturing faults. Rather it said the problems appeared inherent to the fabric of the rug, so were likely due to fair wear and tear, which B had also stated in its correspondence with Mrs W. I appreciate Mrs W strongly disagrees with this conclusion, but without independent evidence to say the rug was not fit for purpose, I think Santander was reasonable in concluding there hadn't been a breach of contract.

In response to our Investigators opinion, Mrs W provided our service a quote from a carpet cleaner, which suggests the rug would be expensive to clean. While that may be the case, the quote doesn't make any comment about damages to the rug, or causes for this, so I don't think this shows a breach of contract has occurred.

Similarly, Mrs W has referenced a Code of Practice of a third-party foundation. However, this is in relation to carpets, rather than rugs and B isn't a member of the foundation, so again I don't find this information evidences a breach of contract occurred.

As a result, based on the evidence that's been provided I think Santander is reasonable in saying it isn't liable under Section 75, as it hasn't been provided evidence to demonstrate there was a misrepresentation or breach of contract.

Conclusion

I appreciate this answer is likely to come as a disappointment to Mrs W, but I don't think Santander needs to do anything further. I think it was reasonable in its decision not to raise a chargeback. In relation to the Section 75 claim, I think Santander fairly considered the circumstances of Mrs W's dispute before concluding it wasn't liable to provide a refund based on the evidence available.

My final decision

For the reasons I've set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 4 July 2025.

Christopher Convery
Ombudsman