

The complaint

Mr S complains about how eBay Commerce UK Ltd is holding him liable for a transaction it reversed after a buyer made a successful chargeback claim.

What happened

On 7 September 2023, Mr S sold an item through eBay – the online marketplace (referred to in the decision as the “eBay marketplace”). The payment was processed and managed by eBay Commerce UK Ltd. On 8 September 2023, eBay Commerce transferred the funds received from the buyer (minus transaction fees) to Mr S’s nominated account.

However, shortly after, on 10 September 2023, eBay marketplace contacted Mr S to say it had cancelled the sale due to an issue with the buyer’s account.

Mr S didn’t send the item to the buyer. Since the item wasn’t dispatched, the buyer raised a dispute on 14 September 2023. Mr S responded to the dispute, saying: *“eBay marketplace cancelled the sale, never sent me the money. Take it up with them.”* The buyer’s request was then closed.

Because the buyer hadn’t received either the item or a refund through eBay marketplace, they raised a payment dispute with their payment provider. eBay Commerce contacted Mr S about this, but he stood by his position — that eBay Commerce hadn’t actually released the funds to him, and had it done so, he would have sent the item. Since the marketplace had cancelled the transaction, he hadn’t proceeded with the sale.

In March 2024, the buyer’s payment provider ruled in favour of the buyer, as there was no evidence the item had been sent or that a refund had been issued. As a result, on 3 March 2024, eBay Commerce charged this amount back to Mr S’s eBay Commerce account. On 7 March 2024, eBay Commerce tried to collect the refund amount and associated fees from Mr S’s bank account, but the payment didn’t go through. Mr S contacted eBay Commerce, expressing dissatisfaction with how the transaction and payments had been handled.

eBay Commerce subsequently removed the transaction and dispute fees, but asked Mr S to pay the remaining balance on his account. When no payment was made, the outstanding balance of £1,961.05 was passed to its collection agents on 14 May 2024.

Mr S then brought his concerns to our service and asked us to look into the matter. One of our investigators reviewed the case but didn’t find that eBay Commerce had done anything wrong. Mr S disagreed. He remained unhappy that eBay Commerce had initially tried to charge him the transaction and dispute fees, and was also frustrated that eBay marketplace had cancelled the sale in the first place.

As a resolution wasn’t reached the complaint has been passed to me to make a final decision.

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.

Having done so, I've reached the same conclusions as the investigator. I'll explain why.

To be clear, as explained by the investigator, I'm unable to comment on the actions of eBay marketplace as they aren't conducting an activity here that this service can consider. But I can look at the actions of eBay Commerce.

In reversing the payment Mr S received, eBay Commerce is relying on the following terms of its Managed Payments service, which were in force at the time eBay Commerce tried to debit the payment from Mr S.

These terms say:

A buyer (or the owner of a payment instrument) may initiate a chargeback, direct debit reversal, or PayPal buyer protection claim, or otherwise asks their financial institution to open a payment dispute (all referred to solely within this Part I as "Dispute") in connection with a Managed Payments transaction. The final outcome of the Dispute will be decided by the buyer's financial institution.

We will manage Disputes, as follows: When a Dispute is opened, we will notify you and ask you whether you choose to accept or challenge the Dispute. If you accept the Dispute, you agree to the reversal of the payment to the buyer. If you challenge the Dispute, eBay will submit to the financial institution any relevant evidence you provide about the Dispute. You agree to provide timely information to assist in the Dispute resolution process and understand that your failure to provide requested information on the timeline we require and as specified by credit and debit card networks' and other payment service providers' rules could adversely impact the outcome of a Dispute investigation, up to complete forfeiture of the amounts in Dispute. If you accept the Dispute or if the buyer's financial institution decides in favor of the buyer, the respective amount will be refunded to the buyer's original payment method and charged to us. You must reimburse us for such charges, unless you are eligible for seller protection in which case you are not held liable for amounts refunded to the buyer. If you choose to accept the Dispute, we may still decide to challenge the Dispute in our discretion and at no additional costs to you.

Some payment institutions offer an optional arbitration process to contest the results of an individual Dispute. We may ask for your consent to participate in such arbitration process. If you consent to chargeback arbitration, you authorize us to represent and defend you throughout the arbitration. You will be responsible for all costs and expenses (including reasonable legal fees and any arbitration fees assessed by third parties, arising from such arbitration proceedings), as agreed between you and us in each case, and you authorize us to pay these amounts on your behalf while the arbitration is pending.

You will not contest the resolution of any Dispute that we investigate and/or re-present, nor will you re-open resolved Dispute investigations. If you are a consumer in the EU, UK or Australia, your rights to file a complaint or to take legal action in court remain unaffected.

The sections of the Managed Payment terms quoted above set out the position that a customer will be liable to eBay Commerce for the full amount of a payment, as well as any

charges and amounts, if an external dispute is raised and is found in favour of a buyer by an external financial institution.

eBay Commerce have advised us Mr S signed up to the Payment Terms of Use on 2 October 2021. I'm satisfied that Mr S would have agreed to these terms when he signed up for his eBay marketplace account, as otherwise it's likely he wouldn't have been able to use the marketplace platform.

So, under these terms, eBay Commerce can debit its account holder for that amount, as well as any fees. However, as referenced above, under eBay Commerce's terms, certain payments which are the subject of a reimbursement like this may be covered under its 'Seller Protection' policy. Clicking the link given on the terms highlighted above, a consumer is provided with a page which explains the following:

When you sell on eBay, we protect you from abusive buying behaviour and from events outside your control.

There is then an explanation of 'protections for all sellers' but none of the criteria appear relevant here. But there is then the following section, which I've considered here:

Protections for payment disputes

If a buyer files a payment dispute and the transaction is eligible for protection under our Payment dispute seller protections, we'll cover the amount of the dispute, waive the dispute fee, and remove negative and neutral Feedback related to the transaction.

If a consumer clicks the link underlined above, then eBay Commerce explains the eligibility requirements for this protection it provides.

eBay Commerce says that the 'seller protection' only refers to certain circumstances when the marketplace has stepped in to mediate a case between a buyer and seller. In this instance eBay Commerce did refer the dispute to Mr S at the time and he rejected it, so eBay Commerce seems to be saying it didn't need to review the dispute further here. And that it had no part in the ultimate decision that was made in the buyer's favour as this was done following a claim via the buyer's payment provider.

I've looked at whether eBay Commerce has dealt with the chargeback raised against it correctly and in line with the operation of that scheme and its own protection policies. eBay Commerce received the claim, asked Mr S to provide information and then forwarded this information onto the financial institution which raised the claim. That is, very broadly, in line with how this scheme operates.

I'm not persuaded eBay Commerce could have done more to prevent any claim being successful. I say this because Mr S received the payment from the buyer, but he has also accepted he hadn't sent the item, albeit due to being told not to by eBay marketplace. So accordingly, there seemed to be little defence eBay Commerce could provide to a "goods not received" chargeback claim.

I've considered if eBay were right to pursue Mr S for the outstanding balance due to the returned payment. I partly agree with Mr S here in that it's unreasonable of eBay Commerce to pursue Mr S for the transaction and dispute fees. I say this because it was eBay marketplace who decided to cancel the transaction and asked Mr S not to send the item. I'm pleased to see that eBay Commerce have accepted this and removed those fees from the amount sought in March 2024. This means eBay Commerce were now only asking Mr S to

return the funds sent to him on 8 September 2023.

I understand that Mr S says he wasn't aware those funds had been transferred to him, but he's also acknowledged that they were sent to one of his bank accounts linked to his eBay Commerce account at the time. So I don't think it would be fair for Mr S to keep money he wasn't entitled to.

All things considered, I'm satisfied that eBay Commerce acted reasonably in seeking to recover the funds, given that it had already reimbursed the buyer's payment provider through the chargeback. It wouldn't be fair for eBay Commerce to absorb that loss when Mr S had received the funds and still retained the item they related to.

eBay Commerce has said it is willing to agree a payment plan, should Mr S need one to repay the outstanding funds. That seems a fair and reasonable offer in the circumstances, and it's now something for Mr S to discuss directly with eBay Commerce or its agents.

I know my answer will be disappointing for Mr S, who has raised various concerns about eBay's customer service and communication with him. However, as explained I only have the power to look at the actions undertaken by eBay Commerce in respect of his complaint. And as far as that is concerned, I'm not persuaded eBay Commerce has done anything wrong.

My final decision

For the reasons mentioned above, I don't uphold Mr S's complaint about eBay Commerce UK Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 April 2025.

Jag Dhuphar
Ombudsman