

The complaint

Mrs G complains that Starling Bank Limited didn't proceed with the chargeback claim she sought to raise against a merchant.

What happened

Mrs G purchased some goods from a merchant, M, using her Starling debit card. In January 2024 she contacted Starling to dispute two transactions to M totalling £15,356.89 (one transaction on 24 June 2023 and the second on 25 June 2023). She said the goods were delayed approximately two and a half months and were finally delivered on 31 August, 68 days after the first payment. Mrs G said there were numerous quality problems with the products and asked for some paint in order to attempt to repair some of them.

Mrs G said she submitted a trade assurance claim with M on 27 September which was within the required time frame following delivery. She said the investigation they carried out, was not thorough, fair and did not have the right outcome. She said there wasn't any acknowledgement of the poor quality, and she was only offered \$300 to close the case. Mrs G said she then tried to raise a chargeback with Starling. She was trying to repair some of the goods so reduced her claim. She wanted to dispute £3,839.23.

In its final response Starling said it would not be possible to dispute the transaction as the 120 day time frame to raise the claim had passed. Starling said Mrs G explained she had read online that the timeframe can be extended to 540 days and she believed that this applied to her claim. Starling said it reviewed the Mastercard Chargeback guidance and it was unable to continue with her claim.

Mrs G wasn't satisfied and brought her complaint to this service. She said she contacted Starling on 3 January 2024 to raise the dispute but was told the claim was out of time because it was outside the 120 day chargeback deadline. Mrs G said she explained to Starling that she had to:

- wait 68 days for delivery and
- submit the claim via M. She said she had to wait for this to be resolved before submitting the claim to Starling as M would not allow her to have two claims open.

She said she feels she's being penalised for following the right course of action. Mrs G said when Starling took into consideration the delivery time, it transpired she was only five days outside the 120 day deadline. She also said there were extenuating circumstances which delayed her raising the dispute sooner which included her being ill over the Christmas period.

Our investigator concluded that as the goods were delivered within the 120 days, he didn't think the 540-day rule applied, and he thought Starling had therefore followed the correct process in considering this chargeback. He didn't think it would have had any prospect of success.

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 realise this will come as a disappointment to Mrs G but having done so I won't be asking Starling to do anything further for the reasons I've outlined below.

When Mrs G brought her claim to Starling it initiated the chargeback approach. Chargeback is a transaction reversal made to dispute card transactions and obtain a refund if there is a problem with the product or service. Chargeback rules are set by the card scheme, in this case Mastercard, and not the card issuer. The rules can be quite strict.

It's important to say that chargeback is a voluntary scheme not a legal right, there is no automatic right to it, nor is it a guaranteed method of getting a refund. The card issuer, in this case Starling, checks the nature of the claim against the possible chargeback reasons to check what evidence may be required and the timescales of the scheme. Card issuers don't have to submit claims. And will likely only do so where they believe there is evidence to support a successful chargeback claim.

The timeframe for chargebacks under the Mastercard scheme is 120 days. I note on the Starling website it confirms this. It says:

Are there time limits for claiming a chargeback?

Yes, there are certain timeframes set by Mastercard that we have to follow when it comes to chargebacks.

- A chargeback must be raised within 120 days of the transaction, or from the date you were made aware that you will not be receiving your goods and services*
- In some cases, this timeframe is reduced to 90 days (for example if you notice a transaction you made has been debited to your account twice)*

If we receive a claim after these timeframes have passed, it's unlikely that we'll be able to raise a chargeback for you.

I've also looked at the Mastercard chargeback guide which is available online. It says:

Goods or Services Were Either Not as Described or Defective

Time Frame

Within 120-calendar days from when the services ceased with a maximum of 540-calendar days from the transaction settlement date for issues of interruption of ongoing services.

Between 15 and 120-calendar days from the transaction settlement date.

Between 15 and 120-calendar days from the delivery/cancellation date of the goods or services.

I've looked at the transaction dates, the delivery dates and the date Mrs G raised her dispute with Starling. And I'm persuaded the dispute wasn't raised within 120 days. Mrs G has argued that there are extenuating circumstances which prevented her from raising the claim, including illness. I am sorry to hear that Mrs G was unwell but unfortunately there is no provision for extenuating circumstances in the scheme time frame rules.

Mrs G has also argued that she should be given the 540 day period. But this time frame is not applicable because there is no issue of interruption of ongoing services.

Mrs G has said we are overlooking the fact Starling didn't even attempt to submit a claim to

Mastercard. She said she would expect our service to give it an instruction to submit the claim because no one can say for sure that Mastercard would reject the claim. As I mentioned above the chargeback scheme is voluntary. The business doesn't have to submit a chargeback claim if it reasonably believes it's likely to be unsuccessful.

Mrs G is understandably frustrated. She has told this service she paid for the products in good faith and feels let down by all the providers she's worked with. I can see she has tried hard to claim back funds due to poor quality of goods. Our service would consider it good practice for a business to raise a chargeback if there was reasonable prospect of success – but in this case as this dispute was raised out of time I think it unlikely the chargeback would've been successful had it been raised. So I'm not persuaded Starling has done anything wrong.

Mrs G has said she's found this situation very stressful, it has cost her thousands of pounds and is having a big financial impact on her life. I am very sorry to hear this. I'm sympathetic to the fact this is not the news Mrs G would like but I don't consider Starling has made any mistake when it told her she was out of time under the Mastercard rules to make a claim.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision ~~fstarst~~before 28 February 2025.

Maxine Sutton
Ombudsman