

The complaint

Mr F complains Wise Payments Limited (“Wise”) failed to refund him a payment after he’d raised a chargeback with it, despite the seller saying it had been successfully raised and the payment refunded.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

In December 2023, Mr F placed an order on a retail shopping site for goods – the merchant. Mr F says he never received these goods as the seller was having an issue with the merchant – a shopping intermediary - used to facilitate the trade. So he was told by the seller to raise a chargeback claim with Wise given he’d made the payment from that account.

Mr F raised a chargeback claim with Wise, who said it could take up to 35 days. But Wise later declined the claim. Unhappy, Mr F complained. Wise didn’t uphold Mr F’s complaint - the main points it made were:

- It has the right to decide whether to proceed with a chargeback claim as per the terms and conditions of its account
- Mr F had told Wise that the merchant had confirmed a refund had been made and the funds were sent to Wise. But as Mr F’s account is deactivated, and if the merchant has processed a refund, this would be rejected and returned to the sender. So Mr F should check with the merchant directly

Mr F referred his complaint to this service. To support his position, Mr F sent an email which he says shows the merchant telling the seller of the goods it had returned around £5,000 to Wise who had processed the payment on behalf of its customer, Mr F.

One of our Investigator’s then looked into Mr F’s complaint. They initially recommended the complaint was upheld on the basis that they had seen the email in which the online shopping firm informed the seller the chargeback had succeeded, and Wise have been sent the money.

Wise didn’t agree and sent in further information for this service to consider. Our Investigator reviewed this, and based on what they saw, they then recommended the complaint wasn’t upheld. The key points they made were:

- Wise has confirmed it withdrew the chargeback claim and it was never raised with the merchant. It’s unclear why the merchant told the seller it did
- A chargeback is a mechanism by which Wise can seek a refund from the merchant for a transaction. It is not a right held by the consumer and it is for Wise to decide

whether to attempt one. Our service considers it good practice for a chargeback to be attempted unless the business can show us good reason for not doing so

- Wise has given information that show it was correct in not attempting the chargeback. They are unable to share any information about this

Mr F disagreed with what our Investigator said. As there's no agreement, this complaint has 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.

Having done so, I have decided not to uphold this complaint. I'll explain why.

The chargeback system is intended to resolve settlement disputes. So most of the chargeback reasons in the card scheme rules relate to problems with settlements. But behind some of those settlement disputes, there may be something that's gone wrong between a cardholder and a merchant. So the chargeback scheme might be able to be used to try to resolve that problem, without needing to resort to more formal resolution, such as court action.

Firstly, from the information I've been provided, I'm persuaded the email Mr F has sent between the seller and the merchant showing the chargeback was raised, and that the funds were refunded, relate to a sperate legal entity to Mr F. I can understand why there may be some confusion given Mr F was a director for that entity which is now dissolved.

I'm satisfied from the information Wise has provided to me that it did raise a chargeback for Mr F's payment of around £7,340 but later withdrew it from the card issuer. That means, Wise didn't receive any funds from the merchant. Its accurate to say that though Wise isn't obligated to raise a chargeback, given it's a voluntary scheme, our service considers it good practice for one to be attempted. Unless however Wise can show good reason for not doing so.

Wise has explained to me in confidence why it withdrew Mr F's chargeback claim. Having carefully considered this, I'm satisfied it acted fairly. I know Mr F would like a detailed explanation, but Wise is under no obligation to do so.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Wise has provided is information we consider should be kept confidential.

It follows that I will not be asking Wise to refund Mr F the payment. And as I don't think Wise has done anything wrong, I see no basis to make an award for compensation for any distress or inconvenience he may have suffered.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 2 January 2025.

Ketan Nagla
Ombudsman