

The complaint

Mr K complains The Royal Bank of Scotland Plc ("RBS") didn't do enough to help get a refund for a purchase made on his debit card.

What happened

In June 2024, Mr K contacted RBS for help in getting a refund for an insurance policy, on the basis the services hadn't been provided. Mr K paid for the policy with his RBS debit card.

RBS requested further information from Mr K, then closed his claim saying this hadn't been provided. However, Mr K provided the required information the day after RBS requested it.

Mr K consequently complained. Alongside raising concerns about his dispute being closed, he complained about a number of service issues, including the amount of time spent on the phone, receiving a credit while his dispute was ongoing and that his closing statement was sent via post rather than email.

RBS considered Mr K's concerns issuing two responses. In these it apologised for closing Mr K's dispute and said it had now raised this with the seller of the insurance. RBS also apologised for the service issues Mr K had encountered and paid £145 compensation in recognition of this.

Unhappy with RBS' response Mr K referred his concerns to our service. In RBS' submission, it acknowledged raising the dispute had not been an easy process for Mr K and said it would pay the value of the underlying dispute, should this not be refunded by the seller of the insurance as a further apology. RBS paid this in September 2024.

There was some confusion about RBS' offer of compensation, and it maintained alongside refunding the disputed amount, its compensation payment of £145 was fair. One of our Investigators considered what had happened and thought this was reasonable in the circumstances, so she didn't think RBS needed to do anything further.

Mr K disagreed, saying the compensation didn't fairly acknowledge the stress and anxiety he'd been caused throughout the dispute. 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.

Mr K paid for the insurance policy using his debit card. This meant the only realistic option available to RBS to get his money back was to engage with a process known as chargeback.

The chargeback process provides a way for RBS to ask for a payment its customer made to be refunded. Where applicable, it raises a dispute with the supplier and effectively asks for

the payment to be returned to the customer. There are grounds or dispute conditions set by the relevant card scheme and if these are not met, a chargeback is unlikely to succeed. The process provides an opportunity for a seller to provide a defence to the chargeback and its own evidence in support of that defence. If the seller continues to defend the chargeback, RBS can either accept that defence, if it believes it's valid, or, it can ask the card scheme to decide who gets to keep the money – usually referred to as arbitration.

All parties accept the process for Mr K to raise his chargeback could have been smoother. When something goes wrong, our service looks to put the consumer back in the position they would have been, had the problem not occurred.

Considering the details of Mr K's complaint, had nothing gone wrong, RBS has said it would have raised the chargeback when he submitted the further evidence at the end of June. RBS raised the chargeback, just over three weeks later, so there was an avoidable delay.

While there was a delay, I haven't seen anything to say this negatively affected the outcome of the chargeback, being that it was still raised within the chargeback time limits.

While I can't say for certain what the outcome may have been, had the chargeback been raised sooner, I think it's more likely than not, that it wouldn't have been successful. I say this because Mr K's dispute was that the services hadn't been received. However, Mr K bought his policy through an insurance broker who did what was expected, in that it provided an insurance policy to Mr K. Rather Mr K's dispute was with the quality of the service he'd received when looking to utilise the policy, which would be the responsibility of the insurance provider.

I think this is supported by the fact that RBS has paid Mr K the value of the transaction, rather than this being refunded through the chargeback that was raised – supporting that the chargeback against the seller of the insurance didn't succeed.

Therefore, had nothing gone wrong, while I appreciate Mr K may have been unhappy with this outcome, I think the chargeback is unlikely to have been successful, meaning the transaction wouldn't have been refunded.

Therefore, when considering the steps RBS has taken to acknowledge the service failings, I do think these are reasonable in the circumstances, it's paid Mr K the value of the transaction, being nearly £260, alongside £145 compensation.

I note there was some confusion on whether RBS was offering a further £145, however it was clarified that this had already been paid to Mr K and I don't think the misunderstanding alone would be reason to say RBS should pay further compensation.

RBS has acknowledged Mr K encountered long wait times when calling the bank and that his expectations were mismanaged in relation to receiving a temporary credit while the chargeback claim was open. RBS has apologised for this, and I think its offer of compensation is fair to recognise the service failings and problems Mr K encountered when raising his chargeback. Therefore taking everything into consideration I don't think RBS needs to do anything further to resolve this complaint.

My final decision

For the reasons I've set out above, I think The Royal Bank of Scotland Plc has already taken reasonable steps to put things right, so it doesn't need to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or

reject my decision before 6 March 2025.

Christopher Convery
Ombudsman