

The complaint

Miss T complains that J.P. Morgan Europe Limited trading as Chase declined to pursue a chargeback claim to recover the cost of her holiday.

What happened

Earlier this year, Miss T took her family on a holiday which she had booked through a merchant which I'll call O. She paid for the holiday with her Chase debit card. Unfortunately, the holiday was not what Miss T was expecting. She says the accommodation and facilities were not as described and she has set out the problems she encountered. She raised concerns with the hotel staff early on and says she was assured the issues would be sorted out. But, after a few days, she says it became apparent that the hotel was not going to do anything. At that point, Miss T contacted O who offered to move her party to another hotel. Miss T declined because she says it wasn't possible to move her disabled relatives. So, they stayed at the original hotel for the duration of the booking.

When she returned home, Miss T contacted Chase and asked it to raise a chargeback. She said that the holiday had been mis-sold. Chase said that, to have a valid claim under the chargeback scheme, Miss T would have had to reject the service. It said that, because she had used the flights and stayed at the hotel, it couldn't submit a valid chargeback. It acknowledged that Miss T was unhappy with the standard of the hotel and facilities. But it said there isn't a chargeback for standard of service, so it couldn't proceed with her claim.

Miss T raised a complaint, but Chase said it had already done everything it could to assist her. It said it couldn't proceed with the chargeback because she had used the hotel for the duration of the holiday. It advised her that she should reject the full service of the hotel in such situations and said she should have taken advantage of O's offer to move her to another hotel. It suggested that she try to reach a resolution with O directly.

Miss T wasn't happy with this and brought the complaint to this service. She said the holiday wasn't as described, so Chase should have pursued the chargeback. She said that O only made the offer to move her two days before the end of the holiday and it would have been impossible to move some of her relatives due to their disabilities.

Our Investigator thought that Chase's decision not to pursue the chargeback was reasonable. But Miss T didn't agree and asked for the complaint to be reviewed by an Ombudsman.

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.

Chargeback is a process for resolving disputes between card issuers (here, Chase) and merchants (here, O). It applies to payments made on a plastic card, generally a debit or credit card. Chargeback schemes are voluntary codes which banks can sign up to. They're run by the card scheme (that is, the business which runs the payment network) – not the

bank. And chargeback claims are processed and decided on the basis of the relevant card scheme's rules, not the merits of the dispute between the customer and the merchant. So, even if Miss T has good grounds for a claim against O (which isn't what I'm looking at here), it doesn't necessarily follow that her claim for a chargeback would be successful.

Customers aren't automatically entitled to a chargeback and banks don't have to attempt one just because a customer asks them to. I'd expect them to try if there's good reason to do so. But they aren't obliged to submit a claim if they don't think the case fits within the rules, or if they think the claim is unlikely to be successful. In cases where the bank attempts a chargeback, there is no guarantee that the money will be recovered. Each case depends on the individual circumstances and the decision is based on the card scheme rules. The issue I need to decide here is whether Chase acted fairly and reasonably when it decided not to pursue the chargeback.

The card scheme's rules contain numerous "*reason codes*", under which claims can be submitted. Each reason code has conditions which must be met for the claim to be accepted. One of the reason codes is that goods or services were either not as described or defective. That is the relevant code here. The conditions which must be met for a chargeback to be processed under this code include that Miss T contacted O to resolve the dispute. And that O refused to adjust the price, repair, or replace the goods or other things of value, or issue a credit. Miss T would also need to show that the services didn't conform to their description.

Miss T did contact O several days into the holiday and O offered a replacement hotel. I understand Miss T's reasons for not contacting O earlier and for declining the alternative accommodation. But I don't think the circumstances fit the conditions for a chargeback. In addition, Chase says that disputes about quality of goods or services can be difficult to pursue as they are subjective. In the circumstances, I think it's likely that any claim put forward by Chase would have been defended by O.

Most banks won't take it further if a chargeback becomes defended. So, I think it's unlikely a chargeback would have succeeded here, even if Chase had raised one. The consideration for banks when they are asked to raise a chargeback is whether it is likely to succeed under the card scheme rules, not whether the customer has good grounds for a claim against the merchant.

I wouldn't expect Chase to raise a claim which it thought had little prospect of success. And it didn't have to raise a chargeback. I think its decision not to pursue the chargeback was reasonable. So, I'm not going to uphold this complaint. I'm sorry to disappoint Miss T, but it does remain open to her to raise her concerns with O directly.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 24 December 2024.

Katy Kidd
Ombudsman