

The complaint

Mr H complains Wise Payments Limited didn't do enough to help get a refund for a transaction made on his debit card.

What happened

In December 2024, Mr H paid for surveillance services via his Wise debit card. A few days later, Mr H says he became aware he wasn't going to receive the service expected and cancelled the agreement, asking for a refund.

The surveillance company declined to offer any refund, so Mr H contacted Wise for help. Wise raised a chargeback, which is a process of asking the merchant (surveillance company) for a refund via the card scheme provider – VISA. The merchant eventually agreed to a partial refund, which Wise accepted on behalf of Mr H.

Mr H complained. He was unhappy Wise raised the chargeback for a partial amount rather than the full transaction. Mr H was also unhappy with the service he'd received throughout the chargeback process.

In response to Mr H's complaint, Wise didn't agree it had done anything wrong. It said it must consider the chargeback in line with the card scheme rules, so couldn't dispute the chargeback further for the full amount. It said the partial refund was limited to the cancelled part of the agreement, and this is what the merchant had now refunded. So Wise said it had handled Mr H's chargeback fairly.

Unhappy with Wise's response, Mr H referred his concerns to our service. In its submissions, Wise offered £200 compensation to apologise for delays in raising the chargeback, but maintained the partial refund was a fair resolution. One of our Investigators looked into what happened, and thought this offer was reasonable, so didn't recommend Wise do anything further. She said, Wise had progressed Mr H's chargeback in line with the card scheme rules and thought the compensation was fair to acknowledge any delays.

Mr H disagreed with our Investigator's conclusions, raising the following points:

- He hadn't been aware a chargeback could only be raised once, had he been, he would have pushed for a full refund.
- The partial refund doesn't fairly reflect the lack of work the surveillance company carried out.
- Wise caused unreasonable delays, so it should pay interest on the amount refunded.

As the matter wasn't 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.

I'm looking here at the actions of Wise and whether it acted fairly and reasonably in the way it handled Mr H's request for help in getting his money back. This will take into account the circumstances of the dispute and how the merchant has acted, but there are other considerations, such as the card scheme rules, which Wise must follow and its own obligations.

Mr H paid using his debit card. This meant the only realistic option available to Wise to get his money back was to engage with a process known as chargeback.

The chargeback process provides a way for Wise to ask for a payment its customer made to be refunded. Where applicable, it raises a dispute with the merchant and effectively asks for the payment to be returned to the customer. There are grounds or dispute conditions set by the relevant card scheme (VISA) and if these are not met, a chargeback is unlikely to succeed. The process provides an opportunity for a merchant to provide a defence to the chargeback and its own evidence in support of that defence. If the merchant continues to defend the chargeback, Wise 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.

In this decision it's important to set out, it isn't for me to decide the underlying chargeback dispute, rather my decision is limited to whether I think Wise acted reasonably against its responsibilities in the chargeback process.

Full chargeback

Mr H is unhappy Wise didn't raise a chargeback for the full amount of the transaction. Wise has explained it didn't think a chargeback under the reason code "*Not as Described of Defective Merchandise/Services*", was possible, as although Mr H expressed concern that the merchant wasn't doing what it had promised, there was nothing in the contract Mr H had entered, that explicitly stated he'd receive the services, he said it was failing to provide.

On this basis, Wise decided it couldn't challenge the transaction under this reason code, as it didn't have enough evidence to demonstrate Mr H wouldn't receive what he had paid for over the term of the contract. I appreciate Mr H may not agree with this conclusion, but I'm satisfied Wise gave fair consideration to the evidence available to it before deciding not to raise a chargeback in this manner.

Conversely, had Wise raised a chargeback for the full amount, I think the surveillance company is likely to have defended it, as it hadn't agreed to a refund directly with Mr H. Had this happened, there's a reasonable chance the chargeback wouldn't have been successful, meaning Mr H would have received no refund.

Partial chargeback

The card scheme rules also provide scope for Wise to submit a chargeback for a proportion of the transaction.

Mr H provided evidence to show he'd cancelled the services on the sixth day of the agreement. Wise consequently submitted a chargeback for the unused portion of the agreement under reason code "*Cancelled Merchandise/Services*" – this reason code is limited to claiming for the unused part of the services. The unused proportion was calculated by dividing the cost of the contract by the number of days it was due to run and then claiming for the unused days.

I appreciate Mr H says the amount of money the surveillance company retained isn't proportionate to the amount of work carried out, however the agreement he'd entered didn't provide a breakdown of costs, so in lieu of any other evidence, I think Wise's was reasonable in raising the chargeback by dividing the cost of the agreement by the number of days it was due to run and claiming for the unused days.

I note Mr H says the surveillance company hadn't placed at least one of the devices before the cancellation, so the money it retained wasn't proportionate to the work carried out – however as mentioned above, this chargeback code only gives scope to dispute the cancelled portion of the agreement. So Wise wouldn't have been able to challenge what happened before the agreement was cancelled, as this reason code doesn't provide scope to do this.

Taking everything into consideration, I think Wise acted reasonably in raising the chargeback in the manner that it did, so I haven't found it erred in its obligations under the card scheme rules. While I note Mr H has said, had he been aware he could only raise a chargeback once he would have pushed for a full refund, however for the reasons set out above, I think Wise acted reasonably in raising a chargeback for the cancelled portion of the agreement, which was ultimately successful.

Service provided

Mr H raised his chargeback with Wise on 13 December. Wise processed the chargeback on 22 February with Mr H receiving a refund on 29 March. So, the process took longer than I'd expect.

In its submission to our service, Wise acknowledged that it caused avoidable delays at the beginning of the process, which it apologises for and has offered £200 to recognise this. While it's disappointing that the process took longer than expected, I think this offer is reasonable to compensate for the delays that occurred between December and February.

The time between February and March was out of Wise's control as the merchant had defended the chargeback, meaning the process was ongoing. Following this, Wise rightly gave Mr H an opportunity to provide further evidence or information, as required by the card scheme rules, before progressing the chargeback to pre-arbitration, at which point the merchant accepted the chargeback.

Mr H says due to the delays Wise should pay interest to acknowledge the time he was without the funds. It isn't a requirement that a card provider, such as Wise must provide a temporary credit while a chargeback is in dispute. However, Wise did take longer than expected to raise the chargeback and but for this, Mr H may have received a refund sooner. Considering Wise's offer of £200 in the round, I think this fairly recognises the delays in raising the chargeback, including that had it acted sooner, Mr H may have received a refund in a timelier manner. As a result, I don't think Wise needs to pay more than the £200 compensation it's already offered.

Conclusion

In conclusion, I think Wise correctly raised Mr H's chargeback, albeit taking longer to do so than I'd expect. Wise gave fair consideration to the basis of Mr H's dispute and the evidence he'd provided before deciding to raise a chargeback under the reason code "*Cancelled Merchandise/Services*." When the merchant provided a defence, Wise gave Mr H a further opportunity to submit any evidence and then progressed the chargeback to pre-arbitration where it was settled in Mr H's favour.

I appreciate Mr H has outlined even with a partial refund it still means he's paid a significant amount, but in considering Wise's obligations against the card scheme rules, I haven't found it made an error. That said, I do acknowledge Wise took longer than it should have to raise the chargeback and I find its offer of £200 to apologise for any inconvenience including any delay in receiving the refund to be reasonable. As a result, I won't be asking Wise to pay anything further than this.

My final decision

For the reasons I've set out above, I uphold this complaint and direct Wise Payments Limited to pay Mr H, £200 compensation in resolution of his complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 21 May 2025.

Christopher Convery
Ombudsman