

The complaint

Mr H complains that HSBC UK Bank Plc (HSBC) failed to refund him for a faulty electric bike through the chargeback process.

What happened

Mr H purchased a bike through an online marketplace in December 2023 for £836.43 using his debit card. Mr H says when he received the bike, he realised it was faulty and so he complained to the online marketplace and attempted to get a refund. When he wasn't successful, he contacted HSBC on 30 January 2024 to see if it could help him get his money back through the chargeback process.

HSBC considered the claim and as there was no evidence Mr H could provide (such as emails or other written evidence) it asked him to provide a written declaration, setting out what had happened. Mr H didn't think there was anything useful he could add and declined to provide a written statement feeling he'd told HSBC everything he could on the phone. Given this, HSBC decided not to progress the claim further and it appears it wrote to Mr H about this on 26 March 2024.

Between the claim being made and declined, Mr H spoke with HSBC on a number of occasions and received differing information about how long the claim would take and whether he would receive a refund. HSBC offered £25 compensation for the poor service he'd received but Mr H declined this.

Unhappy with the service received and HSBC's decision to decline the claim, Mr H referred the case to this service.

Mr H's complaint was considered by one of our investigators who came to the view that although HSBC hadn't acted unfairly in declining the claim, it should compensate Mr H for the poor service he received. During the investigation HSBC offered to increase the compensation to £200 and our investigator agreed this was fair.

Mr H didn't agree with our investigator's view, so his complaint has been passed to me for review and decision.

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 think it would be helpful for me to be clear here that I am only considering the actions of HSBC in this case. I won't be considering how Mr H was treated by the supplier of the bike.

The transaction Mr H disputed was made using a debit card rather than a form of credit, such as a credit card. So, Mr H isn't entitled to make a claim under section 75 of the Consumer Credit Act 1974. Given this, I think HSBC acted reasonably by following the chargeback process.

Chargeback claims

Chargeback isn't a legal right and isn't guaranteed to get a customer a refund. That said it's good practice for a bank to attempt a chargeback where the circumstances are appropriate and there is a reasonable prospect of success. Strict rules apply to chargebacks, and these are set out by the card scheme operator (in this case VISA) rather than the bank. These rules include timeframes for chargebacks to be raised and details of what evidence is needed for the claim.

To help me understand what took place here I've listened to the calls Mr H had with HSBC about the claim.

When first raising the claim, Mr H told HSBC the motor on the bike was faulty and although he'd been told by the online marketplace that he would get a refund, he hadn't received this and his account had been closed. When asked about whether the bike had been returned Mr H said it hadn't. He explained he had been given a return label and the bike was due to be picked up by a courier on 26 January 2024. But this hadn't happened so he complained to the online marketplace and believing he would get a refund, he gave the bike to a neighbour along with the return packaging and so no longer had access to this. He explained the online marketplace had now closed his account and so he could no longer get a refund from them. Mr H provided HSBC with a package tracking number for the courier, but this appears to be invalid for that courier.

Following his initial call, Mr H called HSBC on a number of occasions to get updates on his claim and complain about the process. In these calls Mr H explains that he wasn't given a way to return the item and that as it's faulty it's the merchant's responsibility to collect the item. Mr H also told HSBC he hasn't been sent a return label.

Under the rules set by VISA, for a dispute relating to faulty goods to be successful, the customer must have returned the goods or have attempted to return the goods to the merchant. Looking at what happened, it appears Mr H didn't have any copy emails or other evidence to support his claim, he no longer had the bike, and it seems his verbal testimony about the attempted return of the bike had changed. So, I don't think it was unreasonable for HSBC to ask Mr H to provide a declaration setting out what happened. It seems HSBC sent the declaration form to him both electronically and in the post and let him know he could take the declaration into his nearest branch if he didn't want to post it back to them.

Given the conflicting information that had been provided on the phone, and the lack of other evidence, I'm inclined to think there wasn't a reasonable prospect of the claim succeeding without the declaration being provided. As Mr H didn't provide a written statement, I don't think it was unreasonable for HSBC to take the decision not to progress the claim.

Customer service

In the first calls on 30 January 2024 HSBC clearly explained the process. It let Mr H know it might need to contact him further for evidence concerning the claim. It explained a temporary refund might be provided but that would be taken back if the claim was unsuccessful. HSBC also made Mr H aware that the disputes team would aim to provide a resolution in 30 days, but they do have a further 60 days if needed.

Mr H called again on 31 January 2024 for an update and then made a further 7 calls between then and 26 March 2024. Although Mr H initially called back early in the process, I would have expected the original timescales to have been reiterated to Mr H and an indication of when HSBC might be in touch again given to him. However, this wasn't the

case. Mr H was given several different timescales ranging from a few hours to a few days, as well as incorrectly being given reassurance that he would definitely get a refund.

Having listened to the calls I can hear how this led to increased frustration and confusion for Mr H, but I think the £200 offered fairly compensates Mr H for the trouble and upset he was caused.

My final decision

My final decision is that I uphold Mr H's complaint in part for the reasons set out and HSBC Bank UK Plc should pay Mr H £200 compensation if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 May 2025.

Charlotte Roberts
Ombudsman