

The complaint

Mr W complains about the way Wise Payments Limited handled a chargeback claim. He thinks Wise should have taken the matter to arbitration.

What happened

Mr W placed an order with a merchant, which I'll call "D", for replacement doors in his home. The order included doors, frames and architraves – 13 items in total. Mr W paid £7,721.90 in total, using his Wise payment card. The items were delivered to Mr W on 22 May 2024.

Shortly after that, Mr W contacted D to arrange for the return of some of the items. D says that W had ordered the wrong items and that it agreed to collect four of the doors. Some of the items were, however, bespoke and could not be returned.

Mr W said that some items were delivered in a damaged state. And, because D would not collect all the items he wanted to return, he arranged for some to be sent back to D at his own cost. D said it had not received them.

In early July 2024 Mr W submitted a dispute to Wise. He said the goods were defective and that he had returned them but had not received a refund.

Wise raised a chargeback, but D defended it. Wise decided not to pursue the matter any further, and Mr W raised a complaint about that decision, which he then referred to this service.

One of our investigators considered what had happened but did not recommend that the complaint be upheld. She thought that Wise's decision not to take the case to arbitration was a fair one in the circumstances. Mr W did not accept the investigator's assessment and asked that an ombudsman review the case.

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.

Where goods or services are paid for with a debit or credit card and a dispute arises, it is sometimes possible to resolve that dispute through the chargeback process. Chargeback is a scheme run by the card schemes (in this case, Visa). A card issuer (here, Wise) raises a claim through the scheme against the merchant's provider of card facilities. That provider will then consider whether the claim meets the relevant criteria for chargeback (if necessary, seeking evidence from the merchant) before responding to the claim. Where necessary, the scheme provides for arbitration between the financial businesses.

Chargeback is however primarily a scheme for resolving disputes about payment settlements – including, for example, where payments are not authorised or are duplicated, or where goods have been paid for but not delivered. It can therefore have the effect in some cases of resolving disputes between merchants and consumers (including where goods are

not as described or are defective), but it is not always an appropriate or effective mechanism for achieving that aim.

There is no legal or regulatory obligation on a card issuer to pursue a chargeback claim, but this service takes the view that they should do so where there is a reasonable prospect of success. I note that Wise's terms and conditions seek to give it a wide discretion to decide whether to proceed with chargebacks.

I have set out above a summary of the events which gave rise to the dispute between Mr W and D. There are a number of issues which would need to be decided before that dispute could be fully resolved. They include, but are not limited to: whether items were damaged and, if so, to what extent; whether items were bespoke, such that they could not be returned; which items D agreed to collect; and which items, if any, Mr W returned to D.

In the circumstances, I think that Wise was entitled to take the view that, once defended, a chargeback claim was unlikely to succeed. It was therefore reasonable not to pursue it through arbitration.

I realise of course that this means that Mr W's underlying dispute with D remains unresolved. I stress however that this decision is concerned only with the actions of Wise, and I make no comment at all on the merits of that dispute – save to say that my decision does not affect Mr W's rights to pursue D for anything he believes to be due.

My final decision

For these reasons, my final decision is that I do not uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 27 June 2025.

Mike Ingram

Ombudsman