

The complaint

Mr K complains about HSBC UK Bank Plc's handling of a chargeback claim.

What happened

Mr K purchased goods online via a merchant (who I'll refer to as 'P' throughout this decision) in January 2024.

Mr K says he didn't receive the correct goods from P, so he returned the items. In email correspondence P said the items Mr K says were sent back weren't included within a parcel it received; and that a different item was received which it didn't sell. P said it would only process a refund for the goods once the correct items were returned.

As Mr K couldn't resolve his dispute with P he contacted HSBC. It raised a chargeback claim on his behalf and added a temporary credit to his account for the amount in dispute. In April 2024 HSBC informed Mr K that P's bank had defended the claim. It reversed the temporary credit applied to Mr K's bank account, placing it into an unauthorised overdraft position.

Mr K complained to HSBC about the outcome of the chargeback claim. It issued a final response in June 2024 not upholding his complaint. It said it had followed the card scheme rules when dealing with his chargeback claim. It went on to say that as the chargeback claim was unsuccessful, it hadn't found it had made an error when reversing the temporary credit that had been applied to his account; or how it reported the status of his account to credit reference agencies (CRAs).

Unhappy with HSBC's response Mr K referred his complaint to our service for review.

One of our investigators considered Mr K's complaint and didn't uphold it. She considered HSBC had acted reasonably when dealing with Mr K's chargeback claim on his behalf.

HSBC didn't respond to our investigator's view; Mr K disagreed and maintained his arguments. He remains unhappy that HSBC aren't refunding him for the disputed transaction, and are reporting negative information about his bank account to CRAs.

Mr K asked for an ombudsman's review, so the complaint'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.

The information in this case is well known to Mr K and HSBC; and I've seen our investigator set out the chargeback process within their view. So, I don't intend to repeat this information here. I've focused my decision on what I consider to be the key points of this complaint. I don't mean to be discourteous to Mr K or HSBC by taking this approach, but this simply reflects the informal nature of our service.

I think it would be helpful for me to set out from the beginning that I've reached the same outcome as that of our investigator, for broadly the same reasons. I acknowledge this will be disappointing to Mr K.

The chargeback claim

Mr K says he purchased two LED lights from P in January 2024. The total price of the goods was £744. Mr K says he received the wrong lights, so he contacted P to raise a dispute and he returned the items. As he was unable to resolve the dispute to his satisfaction with P he contacted HSBC, as he'd paid for the goods with his HSBC Visa debit card.

HSBC obtained information from Mr K, including details of the dispute and evidence of his interactions with P, and submitted a chargeback claim on his behalf. Mr K's chargeback claim was defended by P's bank, so HSBC reversed a temporary credit that it had applied to his bank account while the claim was active.

Mr K has said he considers HSBC have acted unfairly by not refunding the disputed transaction. He's also said he's lost out twice as he no longer has the LED lights sent to him by P as he returned these; and has also had the transaction debited from his account.

As our investigator set out within their view, chargeback is an evidenced based voluntary scheme controlled by the card scheme operator (in this case Visa) to look to resolve some disputes between cardholders and merchants. HSBC, as the card issuer in this process, is bound by the card scheme operator's rules – as such chargeback isn't a guarantee that a claim will result in a refund of the disputed transaction.

I consider HSBC reasonably considered the information Mr K provided in support of his dispute; and went on to submit a chargeback claim on his behalf based on the documentary evidence it had obtained. I say this because HSBC obtained information in order to satisfy the relevant criteria as set out under Visa's chargeback dispute condition '13.3 not as described or defective merchandise/services'; which I consider was the appropriate condition given the details of Mr K's dispute.

P's bank defended the claim on P's behalf. It did this as it obtained evidence from P that the item it had received in a parcel sent by Mr K was a T-shirt, which was different to the goods it had sent to Mr K.

As I've set out above, chargeback is an evidenced based scheme. HSBC doesn't decide the outcome of the claim, but it can look to challenge it if it considers there to be a reasonable chance of success.

In this instance HSBC closed Mr K's chargeback claim, and informed him that it would be reversing the temporary credit it had applied to his account as his claim had been unsuccessful. It doesn't appear HSBC asked Mr K whether he had any further evidence that could be used to reasonably challenge the defence that had been provided by P's bank. However, I don't consider Mr K has been disadvantaged by this.

I say this because I've listened to the call our investigator had with Mr K where their view on the complaint was discussed. Mr K wasn't in agreement with our investigator's view, but didn't present any further information to support his complaint.

In order for HSBC to have considered putting the claim to arbitration, I think it would reasonably have considered it needed credible documentary evidence of the items Mr K returned. Although Mr K has provided evidence of a returns label and delivery confirmation

of a parcel he returned, this evidence only supports the return of a parcel to P, which isn't in dispute in any event.

So, based on the evidence Mr K had provided, and the card scheme rules HSBC must follow, I don't consider it unreasonable that it would have concluded there was insufficient grounds to challenge the defence of the claim through the chargeback process.

HSBC suggested Mr K return to P to pursue his complaint further, and I don't consider that unreasonable in the circumstances of this case.

HSBC's administration of Mr K's account following the unsuccessful chargeback claim

Mr K is unhappy his bank account was placed into an unauthorised overdraft when the temporary credit was reversed following the unsuccessful chargeback claim; and that HSBC reported negative information about the account to CRAs.

I've carefully considered HSBC's actions. Having done so I don't consider it has acted unreasonably by placing Mr K's account into an unauthorised overdraft position; or in reporting the status of the account to CRAs.

I say this because HSBC's contact notes set out that a disclaimer was provided to Mr K over the phone about the temporary credit that would be applied to his account while his chargeback claim was being considered. I've seen HSBC provided Mr K with seven days' notice that the temporary credit would be reversed following the unsuccessful outcome of the chargeback claim. So, I consider HSBC made it reasonably clear to Mr K that this was a temporary credit, and what action would be taken once the chargeback claim was unsuccessful.

HSBC has a responsibility to report accurate information to CRAs. As Mr K's account is in an unauthorised position, albeit which he doesn't agree with, I don't consider HSBC have acted unfairly by reporting the true position of the account to CRAs.

I acknowledge Mr K will be disappointed with my decision as it's clear he considers HSBC should refund him for the transaction he disputes. But as I've set out above, this isn't how the chargeback process works.

Taking all the above into account I don't consider HSBC has acted unreasonably in the details of Mr K's complaint; so, it therefore follows I don't consider HSBC needs to take any further action in resolution of this complaint.

My final decision

My final decision is that I'm not upholding Mr K's complaint about HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 13 June 2025.

Richard Turner
Ombudsman