

The complaint

Mrs W has complained that Capital One (Europe) plc won't refund a transaction she says she didn't authorise.

What happened

Mrs W and a friend wanted to stay in a cottage. The friend made the booking, and Mrs W provided her Capital One credit card details to the merchant and authorised them to take funds to pay the deposit.

The deposit was £275.60. The merchant had a system where Mrs W could only pay the first £20 initially, then the other £255.60 of the deposit would be taken later, and then the rest of the balance owed for the booking would be taken. The deposit was non-refundable.

Later, Mrs W decided to cancel the booking. The merchant explained that they would still be taking the other £255.60 of the deposit, as the deposit was non-refundable.

Mrs W asked Capital One to stop this payment, but the advisor explained that the payment was already pending and couldn't be stopped by Capital One. They explained that the merchant had 7 days in which to claim the money, and if they didn't claim it the funds would be returned, but if they did claim it within those 7 days then the payment would go through.

The merchant claimed the money within the 7 day period and so the payment went through. Mrs W complained, as she felt Capital One's advisor had told her they'd stop the payment. She also felt she only authorised the merchant to take £20, and not the full £275.60, and that the merchant had taken the funds too early.

Capital One reiterated what had been explained on the call, and explained they couldn't control when the merchant took the funds. Capital One raised a dispute with the merchant on Mrs W's behalf, but the merchant had followed the terms and conditions so the dispute did not work.

Our Investigator looked into things independently and didn't uphold the complaint. Mrs W 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.

First, I need to clarify that we are here to decide complaints between financial businesses (e.g. banks) and their customers. We do not oversee the merchant involved. In this case between Mrs W and Capital One, I'm only looking at what Capital One are responsible for – *not* the merchant. I understand Mrs W is unhappy with the merchant more generally, such as with the merchant's customer service, with the date they took the payment, and with the way a tick box has been formatted on their website. But I'm afraid those are matters for Mrs W to take up with the merchant directly. Our service is just looking at this case against Capital One. So while I've read and taken into account everything that's been said and provided, I won't necessarily comment on every point that's been made. Instead, my decision will focus on what I've found to be the key points.

Under the relevant rules, Capital One can hold Mrs W liable for the payment in dispute if the evidence suggests that she authorised it.

There's no dispute that Mrs W gave her card details to the merchant to pay the deposit. I do appreciate that Mrs W thought she was only authorising £20, and not the full £275.50 deposit. But from what I've seen, it looks like it was made sufficiently clear that she was authorising the full £275.60. It's just that only £20 would be taken at first, and the other £255.60 would be taken later. This was also set out in the terms she agreed to. The terms also explain that the rest of the deposit becomes due as soon as one cancels the booking.

So for the purposes of the relevant rules, Mrs W did authorise the merchant to take the subsequent £255.60. Therefore Capital One can hold her liable for it.

Once the payment was pending, it was not possible for Capital One to stop it. So by the time Mrs W called Capital One, it was too late. The advisor correctly explained this. I appreciate that Mrs W misunderstood them and thought the payment would be stopped or held. But having listened to the call, I find that the advisor explained things sufficiently clearly.

Capital One tried to help Mrs W further by raising a dispute for her. But such card disputes have to follow strict rules. In this case, the merchant had followed the relevant terms and conditions and had taken the £255.60 they were authorised to take. So it wasn't possible for Capital One to get the money back through the dispute process.

Again, I do appreciate that Mrs W is most unhappy with the merchant. But this case is against Capital One, not the merchant. And I have found no reasonable grounds on which I can fairly hold Capital One liable for the payment. Mrs W pointed out that the money involved was worth more to her than to Capital One. That may be so, but that'll be true in the vast majority of cases between a bank and their customer. I cannot fairly or reasonably make Capital One pay Mrs W money they don't owe her just because it would mean more to her than to them.

So while I know this will come as a disappointment to Mrs W, I find that Capital One can hold her liable for the payment in dispute. She may wish to pursue the matter further with the merchant directly.

My final decision

For the reasons I've explained, I do not uphold Mrs W's complaint against Capital One.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 21 February 2025.

Adam Charles
Ombudsman