

The complaint

This complaint is brought by Mr and Mrs J, who operate a business I will refer to as MHIC. Their complaint is that Paymentsense Limited trading as Dojo has unfairly processed a chargeback of £509.99 against their account.

To settle the complaint, Mr and Mrs J want Dojo to reimburse them.

What happened

I don't need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr and Mrs J being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision.

Mr and Mrs J run a small business, MHIC. On 7 March 2024 a call was made to MHIC by a woman who placed an order for goods costing £509.99, and wanted to pay for them by card. Mr and Mrs J have an agreement with Dojo for the processing of card payments, including payments where the customer is not physically present. These are known as Cardholder Not Present (CNP) transactions.

The card details were provided and the payment was authorised by Dojo. The customer explained to MHIC that she lived some distance away and, because the items were heavy, she would send her brother to collect them as she didn't have a suitable vehicle. Mr and Mrs J have provided stills from their CCTV showing three men loading the items into the back of what looks like a large hatchback or an estate car.

A few days later, Dojo informed Mr and Mrs J that the cardholder had challenged the transaction and a chargeback was being processed. Dojo asked Mr and Mrs J to provide details of what had happened. However, after doing so, Dojo was unable to defend the chargeback by the cardholder's bank and debited MHIC's account with the £509.99, plus a fee of £28.

Mr and Mrs J complained, but Dojo didn't uphold the complaint, so Mr and Mrs J escalated it to our service. After reviewing what had happened, including the terms and conditions of the agreement Mr and Mrs J had entered into with Dojo, the Investigator didn't think Dojo was at fault.

Mrs J asked for an Ombudsman to review the complaint. She reiterated how unfair it was that Dojo could hold MHIC responsible, and said that Dojo should have insurance to cover this. Mrs J argued that, using the same logic, she could order goods from a company over the phone, take delivery of them, and then raise a chargeback and there'd be nothing the seller could do. Because the matter is unresolved, it falls to me to issue a final 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.

Having done so, I'm afraid I have disappointing news for Mr and Mrs J; I'm not upholding their complaint. These are my reasons.

I confirm I've read Dojo's terms and conditions and operating guide which set out the conditions which Mr and Mrs J are required to abide by. In his detailed letter sent to both parties dated 6 December 2024 the Investigator set out the relevant terms and conditions that apply to CNP transactions, so I won't repeat them here.

Dojo's operating guide (which forms part of the terms and conditions) explicitly states that when a CNP transaction is carried out, if the customer wants to collect the goods, they must attend in person and present the card. This is a safeguard which I find to be perfectly reasonable, in order to ensure that the goods are not released to someone other than the genuine cardholder.

In this case, there is no dispute that the person who placed the order with MHIC was a woman, yet the goods were released to three men. Given this, MHIC was in clear breach of Dojo's conditions that the goods must not be released until the cardholder has presented the card.

MHIC should have explained to the customer over the phone at the time the order was placed that the customer must attend in person and present the card. If MHIC had done this, and the customer had attended in person and presented the card, then Dojo may have been able to defend the chargeback. But because MHIC breached Dojo's conditions and released the goods to unknown parties without seeing the card, there was no way that Dojo could reasonably defend the chargeback.

I don't know if the customer was the actual genuine cardholder or not. That's not relevant in relation to this specific transaction, because Mr and Mrs J failed to follow Dojo's operating guide, and so responsibility for the chargeback falls on them.

I appreciate Mr and Mrs J consider this to be unfair. I've noted what Mrs J has said – that she could order something and then challenge it by way of a chargeback. But if the merchant follows the correct procedure, Mrs J would either have to produce the card on collection or, if the goods were being delivered, the merchant would be required to follow the stringent delivery requirements set out in Dojo's operating guide.

Mrs J also says that she thinks Dojo should be insured against the risk of fraudulent transactions. However, I'm satisfied that Dojo's operating guide has clear steps that MHIC was required to follow in order to ensure that the transaction was genuine. The reason why Dojo wasn't able to defend the chargeback is because Mr and Mrs J failed to follow those steps and released the goods to three men, without the customer who placed the order attending in person, with the card, as required by Dojo.

Therefore, whilst I acknowledge Mr and Mrs J will be disappointed, I'm unable to find Dojo has done anything wrong.

My final decision

My final decision is that I don't uphold this complaint.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs J to accept or reject my decision before 20 February 2025.

Jan O'Leary
Ombudsman