

## **The complaint**

G complains that HSBC UK Bank Plc did not help it obtain a refund for services which were not as described.

## **What happened**

G is a limited company. It has brought this complaint through its chief executive, so any reference to G's arguments is a reference to those made on its behalf. In October 2023 it held a one-day trade congress and banquet for its clients. The event was hosted by a supplier which I'll call "E". G made a number of payments to E for its services, including payments made with its HSBC credit card.

G was not happy with the service that E provided. Amongst other things, G says that E took instructions about the event from someone who was not authorised to give them. It says that the event was a failure.

Having failed to obtain a refund from E, G complained to HSBC. As well as the money paid to E, it said that it had incurred additional losses in the form of the cost of hotel accommodation and flights.

Initially, HSBC was unsure what payments were in dispute and how they had been made. Once that had been clarified, however, it said that there were no grounds for seeking a refund from E, since G had used the services. They had not been cancelled.

G referred the matter to this service, where one of our investigators considered what had happened. He was however broadly in agreement with HSBC. G had used the services which E had provided, and so there were no grounds for a refund. He noted as well that there was little evidence to support G's claims that the service had not been as described.

G 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.

G's complaint about HSBC arises because of its dispute with E and because it paid E by credit card.

In some cases, a credit card provider can be held liable for a breach of contract by a supplier under section 75 of the Consumer Credit Act 1974. The Act does not however cover credit taken out by a limited company, so G does not have the protection of section 75.

I have therefore considered whether HSBC should have sought a refund under the relevant chargeback arrangements.

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, HSBC) 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 have the effect in some cases of resolving disputes between merchants and consumers, 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.

The relevant rules say that, where services are used and not cancelled, chargeback is not generally available. I do not understand G to be saying that E did not provide the services it had paid for, but that those services were not satisfactory or were not what G had asked for – or a combination of both. On the face of it, therefore, there were no grounds on which HSBC could make a chargeback request.

In any event, and as the investigator noted, there is no evidence to support the claim that the services provided differed from the services which G had paid for. The allegations are not specific and are unsupported. In the circumstances, I think HSBC acted reasonably in declining to process a chargeback claim. In saying that, I note that it gave G several opportunities to submit evidence in support of its claim, but that it was unable to do so.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 3 March 2025.

Mike Ingram

**Ombudsman**