

The complaint

A company, which I will refer to as H, complains that it lost £2,730 because Stripe Payments UK Limited allowed a fraudulent chargeback to go ahead.

What happened

Stripe provides merchant acquiring services to H, which allow H to take card payments from its own customers.

In June 2024, a person I will call Mr D purchased flights from H. H told us that the flights went ahead as planned in July 2024. In August 2024, Stripe notified H that Mr D had raised a chargeback on the grounds the flights were “not as described / defective”.

H provided evidence to Stripe, which Stripe forwarded to Mr D’s bank. Mr D’s bank did not accept that evidence, and the chargeback was applied to H’s account.

H complained to Stripe. Stripe said:

“Throughout the dispute process, Stripe facilitates your case, but doesn’t have influence over the outcome, which is at the sole discretion of the account owner’s bank ...

The decision on who wins a dispute comes down to a judgement call by the bank which Stripe has no way of influencing. We are aware of how this resolution can impact [H’s director and H] but as much as we wish we could do more in this scenario, this is the final outcome.”

H did not accept Stripe’s final response, and referred the matter to us. One of our investigators looked at the complaint, and recommended that it should be upheld. Briefly, she said that after receiving H’s defence to the chargeback, Stripe’s opinion was that the chargeback was invalid. She said that meant Stripe should have continued to argue with Mr D’s bank – and if it had done so, she thought the chargeback could have been successfully defended. She recommended that Stripe refund the £2,730 chargeback to H, plus interest at 8% per year simple calculated from the date the funds were debited from H until the date of settlement.

Stripe did not accept our investigator’s conclusions, and gave a detailed explanation as to why it does not usually take chargeback disputes to arbitration.

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 have reached the same conclusions as our investigator, for broadly the same reasons. I think she was right to say that Stripe should pay H £2,730 plus interest at 8% per year simple. I explain my findings in more detail below.

Stripe's role here was not to determine the underlying dispute between Mr D and H. Stripe's role was merely to apply the rules of the relevant card scheme, which in this case was Visa. But that does not mean that Stripe was required to simply accept whatever Mr D's bank said about the dispute. Stripe had the option to refer the dispute to Visa's arbitration process (which would have necessitated first going through a pre-arbitration process). If Stripe had chosen to do that, then the outcome of the chargeback dispute would not have been at the sole discretion of Mr D's bank.

Mr D's reason for requesting a chargeback was:

"On 26th June 2024 I made a transaction of £2,730.00 to [H]. I was purchasing [flights] and the site wasn't working. I then received a call from [H] confirming that they could complete the transaction which I authorised. Following this I was unsure if the transaction was genuine so visited the [bank] branch. I spoke to [a member of the bank's staff] who rang card services and advised the transaction had been cancelled. However, upon reviewing my app on 27th June the transaction had actually gone through resulting in the deduction of £2,730.00 from my account."

In other words, Mr D did not allege that there was any kind of problem with the tickets supplied by H. His allegation is that his bank told him the transaction had been cancelled when that was not the case. Taking Mr D's allegation at face value, he may have a claim against his own bank – but I don't see why his chargeback against H should be successful.

As our investigator noted, Stripe initially attempted to defend Mr D's chargeback. Stripe told Mr D's bank that it believed the chargeback was invalid because "the customer received the product or service". Stripe also provided Mr D's bank with the receipt H had given to Mr D, as well as other documentation that H had provided to Stripe to defend the chargeback.

Mr D's bank did not accept H's defence. It did not provide any new evidence, but it said:

"We are raising pre-arbitration and continuing with reason code 13.3 [meaning "not as described / defective"]. Our customer does not agree with the documentation you have provided. The service was not as described therefore the customer would like to receive a credit. Please review and credit us."

At that point, Stripe debited the £2,730 from H's account and told H that there was nothing more it could do. But our investigator thought that Stripe both could and should have done more. So do I.

In its response to our investigator's opinion, Stripe has explained why it does not usually escalate chargeback disputes to arbitration. In my experience that is common across the industry; chargeback disputes are not usually escalated to arbitration unless the 'losing' side considers that it has a particularly strong case. But that doesn't mean that chargeback cases should not be escalated where it is appropriate to do so.

I've carefully considered Stripe's comments, but after considering all the evidence I don't think Stripe acted fairly in the circumstances of this individual case. Stripe was initially satisfied that Mr D had received the product or service he paid for – and I see nothing in the evidence that Mr D's bank shared with Stripe to suggest that he had not received what he paid for. The problem appears to have been a result of confusion between Mr D and Mr D's bank as to whether the transaction had been cancelled.

In all the circumstances, I think that Stripe should have continued with the pre-arbitration process. I cannot be certain what the outcome would have been if Stripe had done so, but I

think the most likely outcome is that the chargeback would have been resolved in H's favour. Stripe should therefore refund the chargeback as our investigator recommended.

My final decision

My final decision is that I uphold this complaint. I order Stripe Payments UK Ltd to pay H £2,730, plus interest at 8% per year simple calculated from the date the funds were debited from H until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 4 December 2025.

Laura Colman
Ombudsman