

The complaint

Mrs A complains about the way HSBC UK Bank Plc handled her a claim for a refund when goods she bought using her credit card were not delivered.

What happened

On 27 February 2024 Mrs A bought goods online from a retailer, which I'll call "L". She paid a total of £229.68 using her HSBC credit card.

On 2 March Mrs A contacted HSBC to say that the goods had not been delivered and that she was concerned from online reviews that L was not a genuine business. HSBC said that Mrs A should try to resolve the issue with L first and that, if that was not successful, she should raise a dispute.

Mrs A contacted the bank again on 20 March, to raise a dispute over the card payment. HSBC raised a chargeback claim against L and, in the meantime, applied a temporary credit to Mrs A's account.

L responded to the chargeback request. It said it had applied a refund which had been processed on 29 March.

The bank's records indicate that it contacted Mrs A by email to ask if she had received the refund. Mrs A did not respond, so the bank wrote to Mrs A to ask her to call by 27 June. Its letter said that, if it had not heard from Mrs A by that date, it would close its case. Mrs A did not call, so the bank closed its file and re-debited her account.

Mrs A called the bank at the end of July, but was told that the time limits for continuing with the chargeback had expired. The bank said that it would consider whether Mrs A had a claim under section of the Consumer Credit Act 1974. When it did so, however, it said that section 75 didn't apply, because all the items Mrs A had bought were priced at less than £100.

Mrs A complained about how HSBC had dealt with her claim. She said that it had not kept her properly informed about the progress of her chargeback claim and had misled her about her claim under section 75.

One of our investigators considered what had happened but did not recommend that Mrs A's complaint be upheld. She thought that HSBC had acted reasonably in its attempts to contact Mrs A about the chargeback. And she noted too that the merits of the section 75 claim would have been considered by a specialist team.

Mrs A 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.

When Mrs A first contacted HSBC about the transaction, she was told that she should try to resolve the matter directly with L in the first instance. Given it was only a few days since she had placed her order, I think that was reasonable. It was possible the goods would be received. When Mrs A got in touch again, the bank raised a chargeback request, as I would expect it to.

Chargeback is appropriate for certain types of claim, including where goods have not been delivered or where a refund has been promised but not made. But it does allow merchants to defend claims, and L did that in this case, saying that it had processed a refund payment. Chargeback is also subject to strict time limits, both for bringing a claim and for progressing it.

As Mrs A has noted, HSBC would have been able to see that no refund had been made to her card account – the usual way of refunding a card payment. But I think it was reasonable of the bank to seek to check the position with Mrs A before taking any further steps.

The bank was not successful in its attempts to contact Mrs A. I am satisfied however that it tried to do so by email, telephone and by post. I accept of course that it could have done more – for example, by following up on things more frequently – but I do not believe that I can fairly say that it should have done so.

By the time Mrs A did contact HSBC again, it was too late to progress the chargeback claim. In my view, it was reasonable therefore of the bank not to take things any further.

When it was clear that the chargeback claim could not be progressed, HSBC suggested that Mrs A pursue a claim under section 75 of the Consumer Credit Act 1974. That enables customers who have a claim against a merchant in respect of a transaction paid for with a credit card to bring that claim against the card provider. It is however subject to conditions and exceptions, one of which is that it does not apply to contracts in respect of which a seller has applied a price of £100 or less to an individual item. In this case, Mrs A bought six items in total, all of which cost less than £100. So, the bank was correct in saying section 75 did not apply.

Mrs A says that HSBC should have identified sooner that the financial limits meant that a section 75 claim would be unsuccessful. Because it did not, she had to gather information unnecessarily. I understand Mrs A's point here. However, I don't believe it was unreasonable of HSBC to want a specialised team to review all the relevant information before deciding whether to accept or decline a section 75 claim. That is more likely to avoid claims being decided incorrectly on the basis of incomplete or inaccurate information.

In conclusion, I believe that HSBC handled Mrs A's concerns fairly, both under the chargeback scheme and under section 75. I stress however that my decision is concerned only with HSBC's handling of those claims; I make no comment on the merits of Mrs A's underlying claim against L.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 6 July 2025.

Mike Ingram
Ombudsman