

The complaint

Mrs C has complained about the way Bank of Scotland plc handled a chargeback. She alleges that a particular merchant scammed her.

What happened

Both sides are most familiar with the case, and we must keep our decisions anonymised, so I will summarise what happened in brief.

In early 2024, Mrs C made a debit card payment of £1,199 to a merchant.

Later, Mrs C told Bank of Scotland the merchant hadn't provided the agreed service. Bank of Scotland raised a chargeback on Mrs C's behalf and provided a temporary refund. The merchant's bank defended the chargeback, so Bank of Scotland took it to pre-arbitration. The merchant provided lengthy evidence of providing the agreed consultancy service. The chargeback didn't succeed and the temporary refund was re-debited.

Mrs C complained, but Bank of Scotland thought they'd handled the matter appropriately.

Our Investigator looked into things independently and didn't uphold the complaint. Mrs C asked for an ombudsman's decision, 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.

While I'm grateful to Mrs C for being candid with our service about why she thinks the merchant was scamming her, based on the evidence at hand I have not found that she did fall victim to a scam here. There is a high legal threshold or burden of proof to conclude that someone was intentionally trying to commit fraud. Here, it looks like the payment in question went to a genuine registered company for a consultancy service which was provided.

With that said, even if I were to conclude that this was a scam, it's worth keeping in mind that I'm only deciding this case between Mrs C and Bank of Scotland – not between Mrs C and the merchant. So I'm only considering what Bank of Scotland would be responsible for in an alleged scam. And even if this were a scam, I still couldn't reasonably hold Bank of Scotland liable for the payment in question. I'll explain why.

It's not in dispute that Mrs C authorised the payment involved. So even if she didn't intend for the money to end up with what she now thinks were scammers, under the Payment Services Regulations she is liable for her own payment in the first instance. And broadly speaking, Bank of Scotland had an obligation to follow her instructions. The starting position in law is that banks are expected to process payments which a customer tells them to make.

Bank of Scotland should have been on the lookout for payments which could be the result of fraud or scams, to help prevent them. But a balance must be struck between identifying and responding to potentially fraudulent payments, and ensuring there's minimal disruption to legitimate payments. Here, this was just one payment, of not nearly a large enough size to be concerning, made from a more than sufficient balance, which was properly authenticated by the genuine customer to a registered UK company, and which was not particularly out of character with previous spending. I do not find that Bank of Scotland needed to intervene.

I've then considered what Bank of Scotland did once Mrs C told them she thought this was a scam. As this was a card payment, it wasn't covered by the CRM Code for scams, and Bank of Scotland couldn't simply take it back.

A chargeback was the most appropriate way for Bank of Scotland to handle the matter. Chargebacks are voluntary, so Bank of Scotland didn't strictly have to try one, let alone take it further to pre-arbitration, though I think it was good practice that they tried here. It is also not guaranteed that a chargeback will result in a permanent refund. Here, the merchant provided comprehensive evidence that the payment in question was for a consultancy fee and that the service was provided. For example, there was a signed contract which stated clearly that the £1,199 was a consulting fee payable immediately; and there were written communications with Mrs C from the time, where the consultancy fee was confirmed and Mrs C confirmed the consulting service was received and she was happy with it.

As such, it seems appropriate that the chargeback did not proceed. I cannot reasonably fault Bank of Scotland there. Further, Mrs C also made a credit card chargeback surrounding the same matter with the same merchant. That was taken all the way to the final stage, and there the card scheme decided the matter and found in favour of the merchant. So even if Bank of Scotland had taken this debit card chargeback to the card scheme too, it's most likely it still would've ended in the merchant's favour.

So while I appreciate that Mrs C is now unhappy with the merchant, I don't think Bank of Scotland can fairly be held responsible for the matter, and I find that they handled the chargeback appropriately. And so I cannot fairly tell Bank of Scotland to reimburse Mrs C in this case.

My final decision

For the reasons I've explained, I do not uphold Mrs C's complaint.

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 C to accept or reject my decision before 1 September 2025.

Adam Charles
Ombudsman