

## **The complaint**

Mr S complains Starling Bank Limited didn't do enough to help get a refund for a transaction made on his debit card.

## **What happened**

The facts of this case are well known to both parties, so I won't repeat them at length here. As a summary in December 2023, Mr S purchased coins online paying with his Starling debit card. When the package was delivered, Mr S says the box was empty, so he didn't receive any of the coins.

Mr S contacted the retailer with his concerns, however it said the package was delivered and the delivery company confirmed it had been of the expected weight and undamaged, so didn't agree it needed to re-send the coins or issue a refund.

Mr S therefore contacted Starling for help in getting a refund. Starling raised a chargeback, which is a process of asking the retailer for a refund via the card scheme provider – Mastercard.

The retailer defended the chargeback, which is to say it didn't agree a refund was due. Mr S provided further evidence and Starling challenged the chargeback further. The retailer continued to defend the transaction. Starling considered all the evidence and decided it couldn't challenge the chargeback further, so closed Mr S' claim.

Mr S complained about Starling's handling of the chargeback. Starling didn't agree it had done anything wrong in deciding not to challenge the chargeback further. It did acknowledge its customer service at points could have been better and paid £40 compensation to acknowledge this.

Unhappy Mr S referred his concerns to our service. One of our Investigators looked into what happened and didn't think Starling had treated Mr S unfairly. They said Starling had correctly followed the chargeback process and it was reasonable not to challenge it further based on the evidence available.

Mr S disagreed with our Investigator's conclusions, saying he'd provided evidence showing it was possible for the package to be tampered with. As the matter couldn't be resolved, it'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.

I'm looking here at the actions of Starling and whether it acted fairly and reasonably in the way it handled Mr S's request for help in getting his money back. This will take into

account the circumstances of the dispute and how the retailer has acted, but there are other considerations, such as the card scheme rules, which Starling must follow and its own obligations.

Mr S paid for the coins using his debit card. This meant the only realistic option available to Starling to get his money back was to engage with a process known as chargeback.

The chargeback process provides a way for Starling to ask for a payment its customer made to be refunded. Where applicable, it raises a dispute with the retailer and effectively asks for the payment to be returned to the customer. There are grounds or dispute conditions set by the relevant card scheme (Mastercard) and if these are not met, a chargeback is unlikely to succeed. The process provides an opportunity for a retailer to provide a defence to the chargeback and its own evidence in support of that defence. If the retailer continues to defend the chargeback, Starling can either accept that defence, or it can ask the card scheme to decide who gets to keep the money – usually referred to as arbitration.

In this decision, I think it's important to set out, it isn't for me to decide the underlying chargeback dispute, rather my decision is limited to whether Starling acted reasonably against its responsibilities in the chargeback process.

Starling raised the chargeback on behalf of Mr S. The retailer defended the transaction, which is to say it didn't agree a refund was due. So, my decision focuses on whether Starling acted reasonably in the steps it took after this.

Having received the retailers defence, Starling made Mr S aware of this and provided an opportunity for him to respond. Starling took longer than it should have to challenge the chargeback, which I'll go onto later. Mr S provided further information and Starling escalated the chargeback to the next stage, which is known as pre-arbitration. Again, the retailer defended the chargeback, saying the package had been delivered and Mr S hadn't provided conclusive evidence the coins hadn't been received.

Starling then reviewed everything both parties had provided and decided not to escalate the matter to arbitration, whereby Mastercard would have decided the chargeback. I appreciate this answer will likely come as a disappointment to Mr S, but I think Starling was reasonable in making this decision. I've explained below, why I've reached this conclusion.

It isn't an obligation that Starling must take every chargeback to arbitration. Where it has conclusive evidence a chargeback would succeed; I'd expect it to do this. I note Mr S' strength of feeling about this, particularly as the transaction was for a significant amount, but I don't think Starling had enough evidence to demonstrate the chargeback would succeed if it took it to arbitration.

Mr S provided evidence it was possible to remove parts of the packaging, inferring it had been tampered with in the delivery journey. However, the retailer provided evidence the package had been received by Mr S, alongside statements from the delivery company that the package had been delivered showing no signs of having been tampered with. Mr S also says there was a discrepancy in the weight of the package, but the delivery company's records show it always weighed more than the weight of the coins, so I don't think this would have been a point Starling could have challenged further.

In referring a chargeback to arbitration, Starling would need to be confident the evidence it was submitting on behalf of Mr S proved his dispute. While I note everything Mr S has provided, I think Starling was reasonable in concluding it didn't have sufficient evidence to be satisfied the chargeback would succeed. I say this as both parties had disputed the others version of events with evidence to support both. On this basis, I therefore think Starling

acted fairly in handling Mr S' chargeback claim and in deciding not to take it any further based on the evidence available, because there was no guarantee it would succeed.

Starling paid Mr S £40 compensation for the customer service it provided acknowledging it could have escalated the matter to pre-arbitration sooner. I don't find that these errors impacted the outcome of the chargeback, as it was still able to progress the chargeback to pre-arbitration in time. I do however think its appropriate Starling offered compensation to acknowledge any upset caused on this point and find the amount it paid to be fair, so I don't think Starling needs to pay any further compensation in relation to this complaint.

In conclusion, while I appreciate this answer is likely to come as a disappointment to Mr S, I won't be directing Starling to do anything further. I think it fairly processed his chargeback and was reasonable in its decision not to take the matter to arbitration. At points the service it provided could have been better and I find the compensation paid to Mr S to acknowledge this, is fair in the circumstances.

### **My final decision**

For the reasons I've set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 30 April 2025.

Christopher Convery  
**Ombudsman**