

## **The complaint**

A partnership, which I'll refer to as H, complains that U.S. Bank Europe DAC (trading as Elavon Merchant Services) unfairly held it liable for chargebacks.

## **What happened**

In January 2024 H had a merchant services account with Elavon, which meant that Elavon processed transactions H took on plastic cards. H had a separate arrangement with a third party which provided card terminals to H.

This complaint concerns three transactions which all took place on 20 January 2024. All the transactions involved the same customer, and all of them were carried out in H's physical store.

- The first transaction was for £1,019.44. H's representatives told us that the amount for that transaction was keyed wrongly; the customer attempted to purchase goods worth only £101.94.
- H's customer briefly left H's shop, then returned to explain that they had been overcharged. The second transaction then took place to refund £1,019.44. It is clear that H's intention was to refund the first transaction, but H's partners later discovered that the first and second transactions involved different cards.
- The third transaction was a payment of £101.94, which came from a third card via a mobile phone.

Chargebacks were later raised in respect of the first and third transactions. The cardholders said their cards had been used fraudulently, and they had not authorised any payments to H.

Elavon told H about the chargebacks and H submitted a defence, but the card issuer did not accept H's evidence. Elavon did not pursue the matter, and held H responsible for the chargeback amounts.

H's representatives did not think it was fair that H should be held responsible. Briefly, they said there was nothing they could have done to prevent the loss. In particular, they noted that none of the cards displayed the card number so they could not have known that the first and second transactions involved different cards. They also said Elavon had told them that the word "phone" printed on the receipt for the third transaction indicated probably fraud.

One of investigators looked at H's complaint, but did not uphold it. He said that all the transactions were manually keyed and were not verified by chip and pin. He also said that the contract between Elavon and H meant that transactions that were not verified by chip and pin were taken at H's risk. He noted that the outcome of the chargebacks were decided under the relevant card scheme rules, and he didn't think Elavon had done anything wrong in holding H liable for the chargebacks.

H's representatives did not accept our investigator's conclusions, and requested that the matter be referred to an ombudsman. I then wrote to them to give them a final opportunity to provide further evidence, which I confirm I have considered. I am now issuing this final decision to set out my opinion on this complaint.

### **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 am sorry to say that there is very little I can add to what the investigator and I have already said.

Having reviewed Elavon's evidence, I am satisfied that the card details in the relevant transactions were manually entered and were not verified by chip and pin. I'm aware that H's representatives say that was impossible, and that they believe their customer may have used software on a mobile phone to bypass security features on the terminal in order to manually enter data. H's representatives have not provided any evidence to support their belief, but in any event the terminals were provided by a third party and not by Elavon. Even if there was a problem with the terminal, I don't think it would be fair for me to hold Elavon responsible for that problem.

Elavon's role here was to process the instructions submitted to it. That is what it did. It then told H about the chargebacks, and submitted H's defence to the card issuer. In the circumstances I don't think it is surprising that the card issuer did not accept H's defence. I am satisfied that H did not show that the person who visited its shop was the genuine cardholder. The contract between Elavon and H means that H is liable for chargebacks. I'm mindful that merchants are usually held liable in such circumstances, and I don't think anything Elavon has done here is out of line with what I consider to be good industry practice.

I also think H's representatives have misunderstood some of Elavon's correspondence. I'm aware that they believe Elavon told them that the word "phone" printed on one of the receipts indicated probable fraud, but that is not what Elavon said. All Elavon said was the word "phone" indicated "the transaction was not secure and [the] card *may* [my emphasis] have been used fraudulently". To say that a transaction 'may' be fraudulent is not the same as to say that it is 'probably' fraudulent.

I acknowledge that the circumstances that led to this complaint have been difficult for H's partners, and I don't underestimate the financial and emotional impact of being a victim of fraud. But I don't think Elavon has done anything wrong here, and so I cannot uphold H's complaint.

H's partners have asked what they can do to avoid this scenario happening again. I regret that it is not possible to both accept card payments and be entirely protected against all risk of fraud, but Elavon does publish information online as to how merchants can reduce their risk.

### **My final decision**

My final decision is that I do not uphold this complaint against U.S. Bank Europe DAC (trading as Elavon Merchant Services).

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 7 January 2026.

Laura Colman  
**Ombudsman**