

The complaint

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

What happened

The background to this complaint is well known to all parties, so I won't repeat it at length here. As a summary, Mr M booked a holiday apartment, through a third-party website, paying with his Starling debit card.

After booking the apartment, Mr M read a recently posted online review, which suggested it was of poor quality with numerous problems. As a result, Mr M was concerned the apartment wouldn't be to the standard expected and wished to cancel.

The website said as Mr M was cancelling within 30 days of the stay commencing, in line with the cancellation policies, he wasn't due a refund (although it later refunded 50% of the booking). Mr M's reservation was then cancelled.

Following this Mr M contacted Starling for help in getting a refund. Starling considered whether it could raise a chargeback, which is a process of asking the merchant for a refund via the card scheme provider – Mastercard. However, as Mr M had cancelled within 30 days of the reservation, Starling said there was no route in which it would raise a dispute, so declined to raise a chargeback.

Unhappy Mr M complained. He said that since cancelling the apartment, it had been removed from the website, so he never would have been able to stay. Starling didn't agree it had done anything wrong, it said as Mr M had cancelled the reservation during the period in which no refund was due, so there wasn't a route for it to raise a chargeback.

Mr M referred his concerns to our service. One of our Investigators looked into what happened and didn't think Starling was wrong not to raise a chargeback. She acknowledged that the apartment had been removed from the website but said Mr M had chosen to cancel the reservation before this and the terms of the booking set out no refund was due. So, the Investigator didn't think there would have been a route in which Starling could raise a chargeback.

Mr M disagreed with our Investigators conclusions, saying it wasn't fair to have paid for somewhere that was closed and that the description had changed after he'd paid. He therefore maintained Starling should have raised a chargeback. As the matter couldn't be resolved, the complaint has 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.

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

The chargeback process provides a way for a bank to ask for a payment its customer made to be refunded. Where applicable, it raises a dispute with the merchant 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 merchant to provide a defence to the chargeback and its own evidence in support of that defence. If the merchant continues to defend the chargeback, Starling can either accept that defence, if it believes it's valid, or, it can ask the card scheme to decide who gets to keep the money – usually referred to as arbitration.

It isn't a right that Starling must raise a chargeback every time it's asked to. But where the evidence supports the customers position and the dispute falls within the rules set by the card scheme, I'd expect Starling to do this, to support its customer. So, my decision focuses on whether it was reasonable for Starling to decline to raise a chargeback on Mr M's behalf.

The chargeback process doesn't provide an avenue through which any dispute can be raised, rather the card scheme provider – Mastercard, sets out scenarios in which a dispute can be made.

In reviewing the scheme rules, I don't think there is a reason code through which Starling could have successfully disputed the transaction on behalf of Mr M. I note Mr M made the decision to cancel having read a review online which suggested the apartment was below standard, but the review alone wouldn't be sufficient to raise a dispute under codes such as *"Goods or Services were either not as described or defective"* as while I appreciate Mr M had concerns, he didn't have firsthand evidence the services were not what he'd booked.

The terms of the booking were clear, that cancellations made within 30 days of the reservation wouldn't be entitled to a refund. Mr M cancelled within this window, so there wasn't a route for Starling to challenge that this had been incorrectly processed, even though I appreciate this was due to Mr M's concerns about the quality of the apartment.

Following the cancellation, it appears the apartment was removed from the booking website. It's possible had Mr M cancelled because of this, or had he gone ahead with the trip and not been able to access the accommodation he may have been able to raise a chargeback. However, it wouldn't be possible for Starling to raise a chargeback based on what may have happened. Rather, at the time of cancelling the reservation, the apartment was still operating, and the terms didn't allow for a refund. So, on this basis I don't think Starling was wrong not to raise a chargeback.

I appreciate this answer will likely come as a disappointment to Mr M as he's paid money for an apartment he then didn't get to use. But in this complaint, I'm only able to consider the actions of Starling and having done so, I'm satisfied it fairly considered his request to raise a chargeback against the scheme rules, but there wasn't an avenue through which his claim would have succeeded.

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 M to accept or reject my decision before 10 April 2025.

Christopher Convery
Ombudsman