

The complaint

Mr W complains Santander UK Plc didn't do enough to help get a refund for a transaction made on his debit card.

What happened

In January 2024, Mr W booked holiday accommodation through a booking website, paying with his Santander debit card.

Mr W went on the holiday in April 2024, however, was disappointed with the accommodation, saying it didn't have a sea view as advertised, a window wouldn't close, there was mould and extensive damp. Mr W reached out to the property owner while on the holiday, however, says the responses were lacking.

Returning from the holiday, Mr W contacted the booking website for a refund. The website said any refund would need to be agreed by the property owner, which hadn't happened, so it wasn't able to provide a refund.

Mr W then contacted Santander for help in getting his money back. Santander considered whether it could raise a chargeback, which is a process of asking for a refund via the card scheme rules – Mastercard. However, Santander said the basis of Mr W's dispute, didn't fall within the scheme rules, so declined to raise a chargeback on his behalf.

Mr W complained. Santander didn't agree it had done anything wrong in considering whether Mr W had a valid chargeback claim. It did say the service it provided could have been better and paid £25 compensation to acknowledge this.

Unhappy with Santander's response, Mr W referred his concerns to our service. I issued a provisional decision in which I set out the following:

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 Santander and whether it acted fairly and reasonably in the way it handled Mr W's request for help in getting his money back. This will take into account the circumstances of the dispute and how the merchant has acted, but there are other considerations, such as the card scheme rules, which Santander must follow and its own obligations.

Mr W paid for the accommodation using his debit card. This meant the only realistic option available to Santander to help get his money back was to engage with a process known as chargeback.

The chargeback process provides a way for Santander to ask for a payment its customer made to be refunded. Where applicable, it raises a dispute with the merchant (booking website) 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, Santander 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.

Santander initially declined to raise a chargeback on behalf of Mr W and has now agreed to pay 25% of the transaction, on the basis it could have raised a partial chargeback. So, my decision will focus on whether it acted reasonably in the decisions it made, and the offer it's now agreed to.

Santander declined to raise a chargeback on the basis Mr W's dispute didn't meet the chargeback conditions. The most applicable to Mr W's dispute is "Goods or Services Were Either Not as Described or Defective", so on this basis it appears Mr W dispute fell within a chargeback reason code.

Full chargeback

I've thought about what's most likely to have happened, had Santander raised a chargeback for the full amount on behalf of Mr W. The merchant – the booking website – hadn't agreed to refund Mr W directly, so I think it's likely to have defended the chargeback, which is to say it wouldn't have agreed a refund was due. This would have been on the basis Mr W had been provided accommodation for the duration of his stay.

So had Santander raised a chargeback for the full amount, I don't think it would have been successful, as the merchant would have been able to evidence Mr W had used the accommodation he'd booked. Although there had been problems with the accommodation, I don't think Mr W would have been able to evidence that he had a valid chargeback for the full amount of the transaction against the conditions set in the card scheme rules.

As a result, I think Santander was reasonable in deciding not to raise a chargeback for the full amount, as it didn't have a reasonable prospect of success.

Partial chargeback

The card scheme rules, also provide scope for Santander to submit a chargeback for a proportion of the transaction.

Santander has now acknowledged it may have been possible to raise such a chargeback on behalf of Mr W, and had it done so, he may have received a refund. Therefore, as it didn't do this, Santander has agreed to pay 25% of the transaction as compensation.

I note Mr W doesn't think this amount is fair based on the problems he experienced, saying it completely ruined the holiday. However, I must consider any dispute against the card scheme rules. Ultimately Mr W did stay at the accommodation he'd booked. The evidence provided suggests it fell below the standards expected, and on this basis, I do think he may have been successful had a partial chargeback been raised.

Considering the amount, I find a 25% refund reasonable. This acknowledges that the accommodation fell below the standards expected, but did serve the purpose it was intended for, which was to provide accommodation for the required number of people, for the agreed number of days.

It's not possible to say whether a partial refund would have been successful, as the merchant may have still defended it. But on the basis Santander has now agreed to pay this

amount, I consider this a fair resolution to Mr W's chargeback claim, for the reasons set out above.

In line with our services approach to redress, I think it's also appropriate Santander pays Mr W 8% simple interest on this amount. This is to recognise the time Mr W has been without the funds, so this should be calculated from 23 April 2024, when Santander initially declined Mr W's chargeback dispute.

Service issues

Santander has paid Mr W £25 compensation for mismanaging his expectations and costs he incurred. It's disappointing when things go wrong and in the circumstances, I do find this amount fair to acknowledge the conflicting information Mr W was given, so I won't be asking Santander to pay any further compensation on this point.

Mr W has raised other points such as increased costs such as needing to eat out more than expected due to the condition of the accommodation and the impact on his family's health. The chargeback process doesn't provide a method to consider other costs, rather relates solely to the transaction amount being disputed. So, I don't think it would be reasonable to say Santander needs to compensate for this, as such costs wouldn't have been recoverable under the card scheme rules.

Conclusion

In conclusion, based on the evidence available, I intend to uphold this complaint and direct Santander to compensate Mr W 25% of the disputed transaction for the accommodation being £139.25, alongside paying 8% interest on this figure. This is on the basis, I think it would have been possible for Santander to raise a partial chargeback and had it done so, I think there's reasonable prospect Mr W would have received this amount as a refund from the booking website.

Santander confirmed it had nothing further to add and was happy to settle the complaint in line with my provisional findings.

Mr W disagreed with my conclusions, raising the following points:

- Santander hasn't provided any evidence to support the assertion a chargeback for the full amount would have been unsuccessful.
- As the card scheme provider is Mastercard, his claim isn't limited to the 'unused part of the service'.
- The booking website has a duty of care to ensure advertised information isn't misleading or deceiving – that it said there was a sea view when there wasn't, means the holiday was mis-sold.
- As a result, Mr W says he is entitled to a full refund.
- Santander didn't compensate for poor service, rather reimbursed charges incurred when he had to submit evidence in branch and failed to make reasonable adjustments.

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've taken on board Mr W's further comments, having done so, I still find a 25% refund of the transaction to be a fair resolution to this complaint.

I note Mr W's comments that his dispute wasn't limited to the unused portion of the booking and agree this isn't an exclusion under the card scheme rules applicable to his Santander card. I therefore considered what was most likely to have happened had a chargeback been raised for the full amount in my provisional findings above. For the reasons set out, I don't think it would have been successful, as while acknowledging there were problems, Mr W ultimately did use the accommodation he'd booked. So, it's more likely than not the booking website would have been able to successfully defend a chargeback for the full amount. On this basis, I don't think Santander acted unreasonably in deciding not to raise a chargeback for the full transaction.

On the point of the website having a duty of care, I'm limited to considering whether Santander fairly considered the dispute against the card scheme rules. A chargeback is designed to be a simple process to settle disputes, so isn't as extensive as other protections such as Section 75 of the Consumer Credit Act 1974, which can hold lenders liable for misrepresentations or breaches of contract, for qualifying payments made by methods such as a credit card.

As a result, I do think the offer of compensation equivalent to 25% of the transaction is reasonable. My intention isn't to overlook the disappointment Mr W experienced on his holiday, however, against the card scheme rules, I think this fairly acknowledges parts of the accommodation were not as described or below the standards Mr W had expected, so while he did stay for the full duration, this acknowledges a partial chargeback for 25% may have been successful, had it been raised.

Santander paid Mr W £25 to acknowledge costs he incurred and to apologise for mismanaging his expectations. In its response to Mr W's complaint, Santander set out this was for costs of printing documentation and the poor service it had provided. So, this did acknowledge that Santander had got things wrong. I think this payment alongside the 25% refund for the transaction, fairly recognises that Santander could have provided a better service, when Mr W contacted it for help in trying to get a refund.

In conclusion, Santander could have done more to help Mr W when he asked to raise a chargeback. I think the offer of compensation, being 25% of the transaction, alongside 8% interest and the £25 already paid, is a fair resolution to this complaint for the reasons I've set out above.

My final decision

For the reasons set out above, I uphold this complaint. I direct Santander UK Plc to pay Mr W the following in resolution of his chargeback complaint:

- Pay 25% of the transaction, being £139.25; and
- Pay 8% interest on this amount from 23 April 2024, until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 23 May 2025.

Christopher Convery
Ombudsman