DRN-5729757

The complaint

Miss R complains The Royal Bank of Scotland, "RBS" didn't do enough to help get a refund for a transaction made on her debit card.

What happened

In March 2024, Miss R purchased a car from a company I'll call "C", paying in part with her RBS debit card.

Miss R says the car quickly displayed faults, and having been unable to resolve the problems with C, contacted RBS for help in getting a refund.

RBS raised a chargeback, which is a process of asking C for a refund, via rules set by the card scheme, Mastercard in this case. C defended the chargeback, which is to say it didn't agree a refund was due. RBS pursued the chargeback to the next stage known as pre-arbitration, however C continued to defend the transaction.

RBS then escalated Miss R's dispute to the final stage of the chargeback process, known as arbitration, where the card scheme decides whether the chargeback should succeed. The chargeback was ultimately settled in C's favour, meaning Miss R didn't receive a refund.

Unhappy Miss R complained. She raised concerns RBS hadn't fully considered the evidence she'd submitted. Miss R highlighted a chargeback with another card provider for a separate payment towards the car was successful. Miss R also raised concerns about the overall service and support RBS offered throughout this process.

RBS considered Miss R's complaint and didn't agree it had made any error that impacted the outcome of the chargeback, but did acknowledge the service it offered could have been better, initially offering £50 compensation.

Miss R then referred her complaint to our service and RBS increased its offer of compensation by £450. I reviewed the details of Miss R's complaint and issued a provisional decision, which I've included below.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've given consideration to the relevant rules and regulations applicable to this complaint and while I may not comment on everything (only what I consider is key) this is not meant as a discourtesy to either party, rather reflects the informal nature of our service.

I'm looking here at the actions of RBS and whether it acted fairly and reasonably in the way it handled Miss R's request for help in getting her money back. This will take into account the circumstances of the dispute and how the merchant (C) has acted, but there are other considerations, such as the card scheme rules, which RBS must follow and its own obligations.

Miss R paid using her debit card. This meant the only realistic option available to RBS to get her money back was to engage with a process known as chargeback.

The chargeback process provides a way for RBS 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, 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, RBS can either accept that defence, or it can ask the card scheme to decide who gets to keep the money, through a process usually referred to as arbitration – as it did here.

It's important to note, in this decision, it's not for me to decide the outcome of Miss R's chargeback. That's because it's now been decided by the card scheme and this Service doesn't have the power to consider outcomes decided by the card scheme. Rather my role is to determine whether RBS acted reasonably, considering its responsibilities in the chargeback process. RBS raised the chargeback to support Miss R and escalated this to pre-arbitration and then arbitration. So, my decision focuses on whether I think RBS was fair in the actions it took.

I note Miss R has questioned who the decision maker was in her chargeback and as the matter was referred to arbitration, I can confirm this was made by the card scheme, not RBS. I also note Miss R has questioned the strength of C's defence, but again this would have been reviewed by the card scheme, so wouldn't be something I could comment on further.

On this basis, I think RBS did what I'd expect, as it utilised the full chargeback process in support of Miss R's request for a refund. And as the outcome of the chargeback has been decided by the card scheme, this isn't something I'm then able to comment on, as this complaint is looking solely at the actions of RBS.

Miss R has however raised concerns that RBS failed to pass all the evidence she'd submitted to the card scheme in support of her chargeback, and but for this, her chargeback would have been successful.

From the evidence available, RBS included copies of the independent reports Miss R had provided at the pre-arbitration and arbitration stages, so this information would have been available to the card scheme when it made its decision. However, from the information available, it's unclear whether RBS included an invoice dated 16 July 2024, in its submission to the card scheme.

So, I've thought about whether this may have impacted the outcome of Miss R's chargeback if it wasn't provided to the card scheme. While I appreciate this is unlikely to be the answer Miss R is hoping for, I don't think it did. I say this as I can see in RBS's arbitration submission to the card scheme it included photos Miss R had provided showing errors in relation to certain electric parts. The invoice didn't provide any further information, such as drawing conclusions on the cause of the issues on when the issues may have occurred, be that prior to the sale of the car or at a later date. So, if the invoice wasn't submitted to the card scheme, had it been, I think it's unlikely to have changed the outcome of the chargeback as it didn't definitively state the cause of the issue and when this occurred.

I note Miss R has questioned why a chargeback with a different card provider for another payment towards the car was successful. While I can't comment on the outcome of that *case, it might be helpful to explain different card schemes will follow their own rules, each of which may have different considerations for what it decides a valid chargeback looks like.*

In reviewing the service RBS provided, I agree this could have been better and more could have been done to support Miss R and manage her expectations throughout the chargeback process. While I haven't seen anything that leads me to think RBS' actions impacted the outcome of the chargeback, I think RBS could have given clearer information to Miss R. Specifically about how the process worked, to manage her expectations and also explain the outcome once the card scheme had made its decision at arbitration. RBS offered £50 in its response to Miss R and a further £450 since the complaint has been referred to our service. While I know Miss R has been disappointed with the overall experience, I think this amount of compensation is fair to acknowledge the service failings of RBS.

Miss R also says she was told that if the chargeback was unsuccessful, RBS would reimburse her the value of the transaction. I've reviewed the call notes and can see the advisor said that if the chargeback was unsuccessful they could review what happened and if it was found RBS had made an error it may provide a refund. RBS considered a complaint about its handling of the chargeback and while it agreed the service it provided could have been better, didn't agree it had negatively impacted the chargeback outcome. Again, I think more could have been done to manage Miss R's expectations on what it would review, but I don't agree RBS said it would definitely provide a refund if the chargeback was unsuccessful.

In conclusion, while I understand Miss R is disappointed with the outcome of her chargeback, I think RBS did what was expected, in terms of the chargeback process. I do however think RBS could have provided a better service at times and find its offer of compensation fair. As a result, I think RBS should pay the £500 compensation if it hasn't already.

Responses to my provisional decision

RBS confirmed receipt of the provisional decision and had no further comments in relation to this.

Miss R responded and set out why she didn't agree with the conclusions I'd provisionally reached, which I've summarised below:

- It's confirmed RBS didn't submit all Miss R's evidence to arbitration and had it done this, her chargeback would have been successful;
- RBS failed to manage her expectations; and
- RBS gave C an unfair extension to respond to the chargeback process.

As the matter remained unresolved, the complaint has been passed back 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.

Having done so, including taking into consideration Miss R's further comments, I've reached the same conclusions as those set out above. I realise this answer will come as a disappointment to Miss R and I've clarified below why I've made this decision.

The chargeback process doesn't guarantee that a card holder will receive a refund. In the circumstances of Miss R's dispute, this was decided by the card scheme, and while it acknowledged information had been provided detailing a problem with the car, it decided the dispute in C's favour. In its decision, the card scheme also made mention that the problems were first reported around a month after the car was delivered. It isn't for me to challenge the card scheme's decision as this is one it's entitled to make.

As set out in my findings above, I wasn't able to definitively say whether the invoice dated 16 July 2024 had been submitted to the card scheme at the arbitration stage of the chargeback. So, I went on to consider what I thought most likely to have happened had the invoice not been included and it should have been. In doing so, I'm not persuaded, this inclusion of this invoice would have led the card scheme to reach a different outcome on the chargeback.

I say this, as although I note the invoice details an error it doesn't draw any conclusions on the cause of this or when it may have developed. The invoice also doesn't provide full details of who carried out the inspection and what their experience was. So, I'm not persuaded this would have led the card scheme to reach a different conclusion on whether the chargeback should succeed.

As a result, if I accepted RBS didn't provide the July invoice to the card scheme at arbitration, I don't think its provision would have seen the chargeback succeed or see Miss R receive a refund. So, it follows that I don't then think RBS must reimburse Miss R the value to the transaction, as, I don't think its actions prevented her achieving a refund.

I do acknowledge there are times RBS could have done more to manage Miss R's expectations, particularly about how the process worked overall and that a chargeback isn't a legal right, rather a voluntary scheme operated by the card scheme. I understand this will have been an upsetting period for Miss R, particularly as it relates to a significant amount of money. Considering everything that's happened, I do find RBS' offer of £500 compensation reasonable as while it may not take away from some of the upset caused, I think it fairly acknowledges this.

I've also considered Miss R's point that RBS gave S an unfair extension to respond to the chargeback, but I haven't found that to be the case. Having initially raised the chargeback, S had until 10 August 2024 to provide a defence. On 17 July, S submitted a defence to RBS. RBS then escalated the chargeback, and S again defended the transaction on 12 August. So, I haven't found RBS gave S further time to respond, rather S submitted two defences, both within the timescales it was entitled to.

In conclusion, I do find RBS' offer of compensation reasonable and will be directing it to pay this to Miss R. I don't however find RBS caused an error in its handling of the chargeback claim, that should mean it now must refund Miss R the value of the transaction, for the reasons I've set out above.

My final decision

For the reasons set out above, I uphold this complaint. To put things right, I direct The Royal Bank of Scotland to pay Miss R any of the £500 compensation it hasn't already paid in relation to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 29 August 2025.

Christopher Convery

Ombudsman