DRN-5779001

The complaint

Mr W complains about how Lendable Ltd trading as Zable ('Zable') handled a claim he made to it.

What happened

The parties are familiar with the background details of this case – so I will simply summarise these here briefly. It reflects my informal remit.

Mr W is unhappy with the purchase of five gift cards he bought at a specific supermarket. Mr W bought three £100 gift cards on his Zable Mastercard on 16 November 2022. And then, on the same day, Mr W bought a further two £100 gift cards on the same Mastercard. Mr W said he was told to buy the gift cards this way in the store.

Mr W told us that whilst the money had been charged to his Zable card for the five gift cards, he had not been able to use the gift cards for purchases, when he tried to do so. So, Mr W returned to the store the next day, 17 November 2022, and tried to return the cards for a refund. The store told Mr W to complain to the supermarket customer service on their telephone line. Mr W complained to the supermarket on 18 November 2022 and included his receipts for the card purchases.

Mr W said he received no satisfaction from the supermarket on this matter. So, on 16 January 2023, Mr W contacted Zable and requested he be refunded through the chargeback process. Zable wanted evidence to support the chargeback and Mr W explained he had provided all that was available to him. Zable felt they needed more evidence to proceed with a chargeback or a section 75 claim.

After more communication Zable issued their final response letter ('FRL') on 10 September 2024. In it they explained that they thought the claim did not meet the criteria of a Section 75 claim or a chargeback. But considering they had not provided a final response within eight weeks, Zable offered Mr W £25 to acknowledge the delay.

Mr W brought his complaint to this Service on 25 November 2024. Mr W is unhappy and thinks that Zable could have done more to help him get a refund.

Our investigator did not uphold the complaint. Mr W disagreed and asked for an ombudsman to review the case for a final decision.

I issued my provisional decision on 17 July 2025, a section of which is included below, and forms part of, this decision. In my provisional decision, I set out the reasons why it was my intention to uphold Mr W's complaint. I set out an extract below:

"What I've provisionally 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 have considered the evidence submitted by the parties but won't be commenting on it all – only what I consider key. This is not meant as a discourtesy but reflects my role resolving disputes informally.

I have to underline that Zable is not the supplier of the goods purchased but not received by Mr W. So, I am only looking at its role as a provider of financial services. I am looking at how it acted in trying to help Mr W get his money back. In doing so, I note that Mr W used a Zable credit card to pay the supplier and the amount of each purchased item (each gift card) was not more than £100, so the claim does not meet the requirements for a s.75 claim. I say that because to qualify each purchase should be over £100 and less than £30,000. Whilst five gift cards were bought, each purchase was not more than £100. So, the claim does not qualify under the cash limit requirements that apply to s75 claims. So, the relevant card protection here is chargeback. In deciding what is fair, it is this scheme that I have considered.

Chargeback is run by the card schemes according to rules they have set out. It isn't a general consumer protection law (like Section 75 of the Consumer Credit Act 1974) and is not guaranteed to succeed.

Here it appears that the Mastercard rules are applicable. So, in deciding what is fair I have taken these into account.

Zable doesn't have to raise a chargeback, but it is often good practice to attempt one. In the circumstances here I can see that it did not attempt a chargeback, as it believed that they had not received sufficient evidence to demonstrate that the supplier had breached its terms and conditions. So, I have considered if what Zable did was fair.

Mr W had 120 days from the transaction processing date to raise his dispute. The purchase was on 16 November 2022 and Mr W approached Zable for a chargeback on 16 January 2023. So, Mr W raised the matter well within the time limits for Zable to progress a chargeback.

But Zable didn't do so. So, I will look at the reasons for that and see if I think Zable was fair in not taking action.

Zable initially told Mr W that they wanted a screenshot of the transaction as it appeared on the Zable app, evidence of communication with the merchant and proof of payment. Mr W provided receipts for the sales and explained the issue he had faced in not receiving the credit on the gift cards he had been charged for. Mr W explained that his communication with the supermarket had been on the telephone and so there was no written record he could provide Zable. Mr W also mentioned that he had raised the issue with the supermarket store and they had been unwilling to engage.

On reviewing the Mastercard chargeback rules, I can see that they suggest that Mr W needed to provide an explanation of what was not as described or defective or information regarding the quality-related issue, the date the Cardholder received the merchandise or services, that the Cardholder attempted to resolve the dispute with the Merchant, the date the Cardholder returned or attempted to return the merchandise.

In this case, at the point of asking for Zable's help to raise a chargeback, Mr W had explained that he had not received the goods he had paid for. And I've seen Zable's statement for that time that confirm that the amounts were charged to Mr W's card. Mr W also provided his till receipts which also confirmed that. It seems that Zable may have had access to two of the three things they had asked Mr W for evidence of. And Mr W explained that the evidence of his exchange with the supermarket was not accessible. So, *Zable had enough information to have progressed the chargeback. But Zable said that they needed evidence that the 'vouchers' (gift cards) were invalid and had never been loaded with the money that Mr W used his card to pay for. But Zable were asking Mr W to provide evidence of something that hadn't happened. It's difficult to prove a non-event. But Zable used the absence of that evidence to deny the chargeback.*

And Zable told Mr W that the Mastercard rules only allow chargeback if the merchant failed to comply with their own terms and conditions. I don't think that's entirely true. The arbitration process is decided by the card scheme and not by the supplier's terms and conditions. As such the chargeback process was not restricted to only those who could definitively evidence the merchant's wrongdoing. And so, it is regrettable that Zable chose to drop the chargeback process in the face of this invalid rebuttal. And this rebuttal also excludes from consideration the retrieval request process which would have allowed Zable to get more information on the pertinent transactions before filing a full-on chargeback dispute.

But in putting the onus on Mr W to provide a fully evidenced case, Zable applied too high a standard and prevented Mr W having his chargeback considered. Mr W had provided evidence that he had tried to resolve things with the merchant. Mr W's testimony is evidence. And his testimony was that he had tried to return the cards to the store he had bought them from. Mr W's testimony is that the store refused to help and pushed him towards a telephone customer service helpline. That customer service helpline sent Mr W back to the store. So, when Mr W wrote a letter of complaint and received no response he raised his request for a chargeback with Zable a few weeks later in January 2023. And Zable's own statements for Mr W were showing the purchases by that time. So, it seems that Mr W had taken steps to resolve things with the merchant before he asked Zable to proceed with a chargeback.

Considering the above I can see insufficient detail in the rules that would have prevented Mr W from satisfying the evidential requirements to have the chargeback looked at. I think that Zable ought to have taken the dispute further. In not doing so, they have denied Mr W the opportunity of having his case reviewed.

But I must also consider whether Mr W would have had a reasonable prospect of success had the chargeback proceeded. In thinking about this, I have not seen sufficient evidence to think that Mr W had no reasonable prospect of success. Had Zable progressed the chargeback, Mr W would have had to provide some evidence to support his submission. It's impossible to know what would have happened in that circumstance. But I note that the business that ran the gift card scheme for the supermarket explained to Mr W, on 23 March 2023, that the gift cards were showing on their system as 'Not Yet issued'. They explained that this meant the gift cards that Mr W had paid for had not been loaded with their balances at the point of purchase either through human or system error.

Having considered all the submissions made to me in this case, I think it more likely that Mr W would have had a reasonable prospect of success. Therefore, I think it would be fair to conclude that Zable should now reimburse Mr W what he paid for the gift cards. And to reflect the lack of use he has had of the funds he used to buy the cards, I think Zable should add interest at 8% per annum to that amount from the time of purchase to the date the redress is paid.

Putting things right

To resolve the complaint Zable should:

- *Refund Mr W what he paid for the gift cards on 16 November 2022.*

- *Interest should be added to the above amount, at a rate of 8% per year simple from the date the payment was made to the date of settlement.*

** If Zable considers it is required to deduct tax from my interest award it should provide Mr W a certificate of tax deduction so he may claim a refund from HMRC, if appropriate.*

My provisional decision

My provisional decision is that I am minded to uphold this complaint and direct Lendable Ltd trading as Zable to put things right in the way I've set out above."

I asked the parties to the complaint to let me have any further representations that they wished me to consider by 31 July 2025. Both parties have responded to my provisional findings. After both parties had responded it occurred to me that if I was to proceed to a final decision along the same lines, the proposed redress was not as accurate as it should have been. So, I wrote to both parties on 24 July 2025 saying that whilst I was yet to fully consider their responses, in the event that I remained minded to uphold the complaint, I thought the redress should be as follows,

*"**Putting things right***

To resolve the complaint Zable should rework Mr W's account as if it had refunded him £500 the date it declined the claim. If this results in a credit balance, 8% simple annual interest should be added from the date of the credit balance to the date of settlement.

** If Zable considers it is required to deduct tax from my interest award it should provide Mr W a certificate of tax deduction so he may claim a refund from HMRC, if appropriate."*

I asked for any further submissions to me made by 30 July 2025. I have received further submissions from both parties.

So, I'm proceeding to my final decision.

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.

Zable is disappointed with my provisional decision. But their response contains no new evidence for me to consider.

Zable would like me to place weight on the communication dated 26 January 2023. In it they ask Mr W to approach the business that ran the gift cards for Tesco. The gift cards had been purchased on 16 November 2022. I had considered this document when reaching my provisional decision. And I had considered that it was on 24 March 2023 that the merchant responded to Mr W and said that the gift cards were showing on their system as 'Not Yet issued'. They explained that this meant the gift cards that Mr W had paid for had not been loaded with their balances at the point of purchase either through human or system error.

In this regard the merchant has confirmed that Mr W had not received what he had paid for and therefore he had cause for a chargeback. But the response from the merchant that Zable said it required before it could process a chargeback, came back after the 120 days that Mr W had to start the chargeback. So, it seems to me that Zable, having directed Mr W to gather evidence it wanted to support a chargeback, ran Mr W out of time to make one.

As I said in my provisional decision, I can see insufficient detail in the Mastercard rules that would have prevented Mr W from satisfying the evidential requirements to have the chargeback looked at without that information. I think that Zable ought to have taken the dispute further. In not doing so, they have denied Mr W the opportunity of having his case reviewed.

Given that there's no new information for me to consider following my provisional decision, and having reconsidered all of the submissions made in this case, I have no reason to depart from those findings. And as I've already set out my full reasons for upholding Mr W's complaint, I have nothing further to add.

Putting things right

I require Zable Bank PLC to calculate and pay the fair compensation as detailed below:

To resolve the complaint Zable should rework Mr W's account as if it had refunded him £500 the date it declined the claim. If this results in a credit balance, 8% simple annual interest should be added from the date of the credit balance to the date of settlement.

* If Zable considers it is required to deduct tax from my interest award it should provide Mr W a certificate of tax deduction so he may claim a refund from HMRC, if appropriate.

My final decision

For the reasons set out, I'm upholding Mr W's complaint about Lendable Ltd trading as Zable. I require Lendable Ltd trading as Zable to calculate and pay the fair compensation as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 24 September 2025.

Douglas Sayers
Ombudsman