

The complaint

Miss W complains that Metro Bank PLC will not provide a refund for a faulty car she paid for using her Metro Bank debit card. She has been represented in bringing this complaint by a family member, so references to her submissions and arguments include those made on her behalf.

What happened

In June 2024 Miss W bought a used car from a dealership, which I'll call "T". She paid £3,500 with her debit card. The car had been first registered in 2010 and had a recorded mileage of around 93,000 miles.

Miss W says she had problems with the car almost immediately. It failed to start, it was leaking oil, the brake pads were excessively worn, the chassis was corroded, and the battery would not hold a charge. Miss W obtained a repair quote indicating that it would cost around £1,250 to bring the car into a satisfactory condition.

Miss W contacted T's representative, who denied that there was anything wrong with the car.

Because Miss W was unable to resolve matters with T, she contacted Metro Bank for assistance. The bank raised a chargeback with T, which was defended. In support of its position, T provided, amongst other things, a copy of the car's MOT certificate from October 2023, a checklist from British Car Auctions (from which it appears it had bought the car a few weeks' earlier) and a checklist which it said Miss W had signed. T's representative said that Miss W had had the opportunity to check the car and had been told about any issues with it – specifically, the oil leak and the brake pads.

Metro Bank reviewed what had been provided, both by Miss W and by T, but decided not to pursue matters any further through the chargeback process. The bank, having credited Miss W's account when she raised her claim, re-debited it in January 2025.

Miss W complained about the bank's decision and referred the matter to this service. The bank said that it should have re-debited Miss W's account sooner, and it paid her £80 in recognition of that. It did so by crediting her account. Because the account was overdrawn, however, Miss W was unable to access that payment.

One of our investigators considered what had happened. She thought that there was sufficient evidence to support a decision to continue with the chargeback process. By not doing so, Metro Bank had denied Miss W the opportunity of having her claim considered by Mastercard, through the arbitration process. The investigator went on to consider what was likely to have happened if the bank had taken the chargeback claim further and concluded that, on balance, it was likely to have been successful. She therefore recommended that Metro Bank refund £3,500, backdated to the date of the payment to T. She also recommended that the bank increase the compensation it had paid to £150.

Miss W accepted the investigator's recommendation, but said that the bank had encouraged

her to spend the initial refund she had received. The investigator reviewed the telephone calls from that time, but was satisfied the bank had made it clear that the refund could be reversed.

Metro Bank did not accept the investigator's assessment and asked that an ombudsman review the case.

I did that and issued a provisional decision in which I said:

As the investigator noted, it is not for this service to adjudicate on the merits of the dispute between Miss W and T. My role in issuing an ombudsman's decision is to decide what, in my opinion, is a fair and reasonable resolution of the dispute between Miss W and Metro Bank. In this case, that means considering how the bank handled the chargeback request.

Where goods or services are paid for with a debit or credit card and a dispute arises, it is sometimes possible to resolve that dispute through the chargeback process. Chargeback is a scheme run by the card schemes (in this case, Mastercard). A card issuer (here, Metro Bank) raises a claim through the scheme against the merchant's provider of card facilities. That provider will then consider whether the claim meets the relevant criteria for chargeback (if necessary, seeking evidence from the merchant) before responding to the claim. Where necessary, the scheme provides for arbitration between the financial businesses.

Chargeback is however primarily a scheme for resolving disputes about payment settlements – including, for example, where payments are not authorised or are duplicated, where goods have been paid for but not delivered, or where goods are not as described or are defective. It can therefore have the effect in some cases of resolving disputes between merchants and consumers, but it is not always an appropriate or effective mechanism for achieving that aim.

There is no legal or regulatory obligation on a card issuer to pursue a chargeback claim, but this service takes the view that they should do so where there is a reasonable prospect of success. The investigator thought in this case that T had not provided persuasive evidence to show that the car was free of faults or that Miss W was aware of any faults before the sale was completed. I agree with her conclusions about that, and there is quite compelling evidence that the car was not free of faults. There are, for example, a number of advisory notes in the MOT documents. And I would not in any event expect a car of this age and mileage to be entirely fault free.

I think the investigator was correct too to comment that T's evidence was, in some respects, contradictory. Its representative said to Miss W that there was nothing wrong with the car, but it said to Metro Bank that Miss W was aware of at least some of the issues with it. In addition, there was nothing in the documentation to indicate that Miss W had acknowledged that she knew about any defects.

As I and the investigator have said though, the real issue here is not whether the car was defective (or even, to use the terminology of the Consumer Rights Act 2015, of satisfactory quality). The issue I have to decide is whether it was fair and reasonable of the bank to take the decision not to pursue chargeback to the arbitration stage.

I have also noted that chargeback is not always a suitable way to resolve disputes between customers and merchants. It does not allow for the level of investigation and examination of evidence that is sometimes necessary. Nor is there any obligation on a card issuer to pursue a chargeback claim; to some extent, they can exercise their commercial discretion when deciding whether or not to do so.

I have therefore considered whether, in the particular circumstances of this case, there was a reasonable prospect of a claim being successful at arbitration such that Metro Bank should have taken matters further than it did.

In my view, the evidence available to the bank was quite finely balanced. Further investigation might well have tipped the balance in one direction or the other. But I do not believe it was for Metro Bank to carry out further investigations itself; to do so would have placed it in the position of gathering and assessing evidence about a third-party dispute. That is not what chargeback requires.

In the circumstances, therefore, I do not believe I can fairly say that the bank's decision not to take things further was unreasonable. I cannot therefore properly say that it should have exercised its commercial discretion differently and taken the case to arbitration.

Neither party has provided any additional information in response to my provisional decision – although Miss W's representative explained that Miss W had lodged a further complaint with Metro Bank, on the face of it arising from the same issues.

I have therefore reviewed the case in full.

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.

As I have received no fresh evidence or arguments in response to my provisional decision, I do not believe there is any good reason to change my view from that set out in it. In reaching that conclusion, I stress that I have reviewed the case file in full before issuing this final decision.

My final decision

For these reasons, my final decision is that I do not uphold Miss W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 9 December 2025.

Mike Ingram
Ombudsman