

## **The complaint**

Miss L is unhappy her bank, Starling Bank Limited, didn't agree to raise a chargeback on a disputed purchase.

## **What happened**

Miss L ordered some clothing from an online retailer, who I'll call P, in June 2025. The total order was around £260, and Miss L paid using her debit card. Miss L received the clothing but says she exercised her right to cancel within 14 days. P told Miss L it would deduct a £20 fee for the return, and she would only get a partial refund of around £30, as P didn't accept returns on sale items.

Miss L wasn't happy so asked her bank, Starling, to refund her via a chargeback. She asked for the difference between the total order and the partial refund P gave her. Starling reviewed her claim but said it wouldn't raise the chargeback, because there were no grounds for success. It said P's website included the Refund Policy, which had terms preventing customers from returning sale items. Miss L complained to Starling, saying P didn't make the Refund Policy clear when she bought the clothing. She also said Starling had treated her unfairly as it incorrectly marked her as being in financial hardship and didn't give her the card scheme terms she asked for, amongst other poor customer service.

As Starling didn't change its mind, Miss L brought the complaint to the Financial Ombudsman. Our Investigator said Starling didn't need to raise the chargeback as the website terms were clear. Miss L disagreed, saying the Consumer Contracts Regulations 2013 (CCRs) gave her 14 days to cancel a contract. She also referenced the Department for Business Innovation and Skills Implementing Guidance for the CCRs (known as BIS), which she said clarified it wasn't enough for cancellation terms to just be on a website.

The complaint then came to me for a final decision. I asked our Investigator to contact both parties to share the points Miss L had made and share my initial thoughts on why I didn't think these changed the outcome. Starling didn't respond, but Miss L did, explaining why she thought the guidance around the CCRs was important. I've considered this response when making 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.

Having done so, I agree with the outcome reached by the Investigator – and I'll explain why.

Miss L has made several detailed points in her complaint. I've considered everything she's said and all the information on the file. But in my decision, I don't intend to refer to everything or address every point made. I mean no discourtesy by this, instead I will focus on what I see as being the key outstanding points following the Investigator's outcome, and the reasons for making my decision.

The key issue for my decision is whether Starling has fairly and reasonably handled the chargeback request. Our Investigator asked for more information during their review of the case, which hasn't been provided by the parties. This means it is tricky to make a firm conclusion where evidence is missing. Where the evidence is incomplete or inconclusive (as some of it is here), I've reached my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

### The chargeback

A chargeback is a process under the relevant card scheme, in this case Mastercard, set up to settle disputes between card holders and merchants. These schemes are voluntary, and the rules about when a customer can request a chargeback as well as the requirements of both parties involved are set by the card scheme itself.

It's important to clarify that it's not for me to decide any dispute between Miss L and P. I can only look at whether Starling has acted fairly and reasonably in the circumstances of the complaint. I've considered Mastercard's chargeback rules for the relevant code, including the expectations for both the merchant and customer.

Mastercard's rules for chargeback claims under the code "Refund not processed" state:

*"Issuers must note that merchants that are unwilling to accept "buyer's remorse" returns and cancellations or that want to have special terms including (but not limited to) restocking fees or in-store credits, must disclose these terms at the time of the transaction. The cardholder must be informed of the refund policy as described in the Transaction Processing Rules 3.11 Specific Terms of Transaction. Failure to disclose a refund policy will result in the merchant's requirement to accept the goods for return and issue a credit."*

The relevant section of Mastercard's Transaction Processing Rules says:

*"The specific Transaction terms will govern in the event of a dispute, subject to compliance with other Standards, provided that such specific terms were disclosed to and accepted by the Cardholder before completion of the Transaction."*

The video Miss L provided shows P included a link to the Refund Policy in the online basket. The linked policy says the merchant doesn't accept returns on sale items, and it sets out the £20 return fee charged. The above rules don't say how such terms need to be disclosed, but I think it's fair for Starling to conclude the link to the policy in the basket, alongside the links to the Terms and Conditions at the bottom of each website page, likely meet the requirements set out by the card scheme.

Next, I need to consider if it's likely Miss L accepted the specific terms in the policy. The Transaction Processing Rules explain customers can accept terms electronically, such as ticking a box or pressing "submit" and indicating acceptance of the terms.

The video stops short of going into the payment screen, so I can't say for certain what P would have asked Miss L to do next. But on balance, I think it's more likely than not she would have clicked a button to confirm her order and accept the terms of the transaction, based on the process I've seen and the general terms and conditions of the website.

Unlike a breach of contract claim under the Consumer Credit Act 1974, a chargeback claim will likely be very heavily weighted on the rules set out by the card scheme. I'm aware of other sections of Mastercard's rules that support its stance that a merchant can include specific terms for 'no refund' policies in such a way that they are sufficiently visible and clear to a customer before the transaction is completed. If Starling had raised the chargeback claim, I think Mastercard would have likely considered the transaction process on the website alongside the terms and conditions for the Refund Policy and its own scheme rules. For this reason, I agree with Starling's opinion there was little chance the chargeback would have succeeded.

I think it's fair for a bank to attempt a chargeback if it has a reasonable chance of success. But, for the reasons above, I think Starling made a fair decision not to raise the chargeback for Miss L's transaction.

### The CCRs

I can't make a finding against the merchant itself for a potential breach of the CCRs. As the scope of a chargeback is narrow, this means a breach of the CCRs by the merchant may not necessarily result in a successful chargeback.

I understand Miss L says BIS confirms "Simply including terms somewhere on a website would not normally be sufficient; they should be brought to the consumer's attention during the ordering process." She doesn't agree it was enough for P to provide a link to the Refund Policy. I've carefully reviewed her submissions alongside the CCRs, and the relevant guidance issued for it.

I've not been able to find the exact words Miss L quoted in the CCRs or BIS guidance – it appears this may be from a third-party website. But, even if I accept what Miss L has provided, I don't think it changes the outcome of her case. I say this because I think P brought the specific refund terms to Miss L's attention in a direct link during the ordering process – which I think was sufficient to make them more prominent to Miss L than the general terms and conditions.

Starling hasn't directly responded to Miss L's comments about the CCRs, so I think it could have done more to explain why these didn't change its decision not to raise the chargeback. I also think it could have reached out to Miss L to explain why the chargeback wasn't being raised and provided more help to answer her questions. In addition, Starling says it incorrectly recorded a marker for financial hardship on Miss L's records, and it said sorry for this mistake. I'm satisfied Starling was trying to support Miss L when it did this, rather than cause her inconvenience. While I think Starling could have done things better, I think the apology fairly reflects the impact this had on Miss L.

I'm sorry to hear Miss L is unhappy with her purchase and can't get a refund from the merchant. But for all the reasons I've set out above, and considering all the circumstances of the case, I don't think Starling has acted unfairly or unreasonably towards Miss L.

I'd like to remind Miss L that our involvement, if Miss L chooses not to accept the outcome of this final decision, doesn't prevent her from pursuing other ways of resolving the matter with the merchant.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 31 December 2025.

Hannah Dunkley  
**Ombudsman**