

The complaint

Mr I is unhappy with how Santander UK Plc handled his request to retrieve money relating to a transaction he paid for using his credit card.

What happened

I issued my provisional decision to both parties explaining why I thought Mr I's complaint should be upheld in part and invited both parties to provide any further evidence and / or submissions in reply.

The background to this complaint was set out in my provisional decision together with my provisional findings which are both copied below and now form part of this final decision.

Background

In December 2024, after returning a hire car Mr I had used for a day, the hire car company found some damage to the car and charged the excess of £500 to Mr I's credit card. Mr I disputed this as he said the hire car company had not carried out their checks when he collected the car, and he did not agree he should be liable for the damage to the car (which included some cracks on the driver's wing mirror and indicator light).

Unable to resolve things with the merchant Mr I contacted Santander to recover the £500. Santander asked Mr I to provide them with details and evidence supporting what had happened, and at the end of January 2025 they raised a chargeback dispute.

Early February 2025 the car hire company refunded Mr I £280.55 as the repairs to the hire car cost less than the excess.

Towards the end of February 2025 Mr I spoke with Santander to find out what was happening with the chargeback and was told the chargeback had been accepted and he would receive a refund of £500.

As the refund did not appear in his account, and given the time the chargeback was taking, Mr I made a complaint to Santander around mid-March 2025.

Shortly after this, the merchant defended the dispute and in light of the merchant's rebuttal Santander decided not to take the chargeback any further. Mr I learned the chargeback had been unsuccessful through the complaint team, and shortly after this Santander wrote to Mr I on 26 March 2025 to say the claim had not been successful.

Our Investigator upheld Mr I's complaint in part. They said while Santander had fairly handled the chargeback, their level of service to Mr I fell short of what would reasonably be expected and they said Santander should pay Mr I £75 to reflect this. The Investigator also noted that any claim under Section 75 of the Consumer Credit Act 1974 would likely have been declined for similar reasons to those that had made the chargeback unsuccessful.

Santander accepted the Investigator's conclusions, but Mr I strongly disagreed as he did not

feel the level of compensation proposed properly recognised the personal impact to him and time he had spent trying to sort out this problem. Mr I also did not feel the outcome fully held Santander to account for what had happened and how they had handled things, particularly given he had been told during the call in February 2025 that the £500 would be returned to him.

Provisional Findings

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

I have only included a summary of what has happened above and while I may not respond to every point each party has raised I have reviewed all the submissions available and focused on what I consider relevant to reaching a fair and reasonable resolution in this matter.

From the submissions I can see how strongly Mr I feels about how Santander have treated and engaged with him, given he is a long-standing customer of Santander.

I want to assure Mr I that I have given his submissions careful consideration as part of my review, but I also want to make clear my role here is limited to what has happened in this complaint and whether Santander have done something wrong or acted unfairly. This means it is not my role to interfere with a firm's wider practices, systems, or controls and nor is it my role to fine or punish a firm – these are all considerations for the appropriate regulator.

I realise Mr I is also unhappy with the hire car company's actions, so for the avoidance of doubt my considerations here are limited to Santander's actions as the provider of financial services.

As the provider of financial services, Santander have two different mechanisms available to them to attempt recovery of funds for customers in situations such as this. In Mr I's case, as Mr I paid for the £500 excess using his credit card, Santander attempted a chargeback.
Chargeback

Chargeback follows the strict rules of the card scheme provider (in this case Mastercard). There is no obligation on the card issuer (in this case Santander) to refund or assist the cardholder (in this case Mr I), in any way – although it would generally be considered good practice for them to do so if there was a reasonable prospect of the chargeback being successful.

It should also be noted the card schemes are not within the jurisdiction of the Financial Ombudsman Service, so I am not able to require the card scheme to run their chargeback in a particular way; although I can consider whether the card issuer has fairly applied the rules of the relevant chargeback scheme.

In this matter I think Santander fairly handled the chargeback as I'll explain.

A chargeback must be raised using a specific reason code found within the card scheme provider's rules. From my review of the reason codes available, I think it's fair to say Mr I's reason for seeking a return of the funds does not naturally fit into a particular reason code.

Santander raised Mr I's chargeback using reason code Defective / Not as Described. I've considered other chargeback reason codes available within the scheme rules including whether this could fall under Point of Interaction Error or under an Addendum Dispute, however, of the reason codes available I think Santander fairly selected the reason code

most likely to have had any prospect of success in these circumstances.

Under the reason code Santander used, the hire company could defend the chargeback with evidence in response to the cardholder's claims.

The hire car company defended the chargeback because Mr I had signed to agree to the terms and conditions of hire (which included details about the excess), and because he had signed to accept the car with no damage. The car hire company also pointed out that Mr I had received a partial refund of the £500 excess sum, therefore Mr I should not be credited twice under the dispute.

At this point Santander decided not to take the chargeback further, and in the circumstances I think they were reasonable in not doing so.

If Santander had taken the chargeback to the next stage it was likely the merchant would continue to defend it, so the matter would have been for the card scheme provider to decide at arbitration – the final stage of the chargeback process.

The evidence shows Mr I had signed to accept the terms and conditions of the rental agreement, which included his acceptance of the car with no damage. And that Mr I had authorised his credit card to be charged with any charges that may become due after the return of the vehicle. The £500 excess was set out on the rental agreement Mr I signed. The terms Mr I agreed to also set out some responsibilities on the part of the renter (Mr I) to ensure they check the vehicle's condition both during handover and over the course of the rental period. And there were no other agreements / arrangements in place that could have mitigated the amount of excess paid. Mr I had also received the balance of his excess back after the repairs were completed and found to be less than the excess.

In the circumstances I think Santander were fair to consider that given the card scheme provider's rules and the merchant's rebuttal and evidence, pursuing the matter to arbitration was likely to result in an unsuccessful outcome for Mr I should the card scheme provider be presented with the same submissions to reach their decision within the framework of their rules.

Section 75

Section 75 of the Consumer Credit Act 1974 is a different mechanism by which consumers may be able to seek financial protection for purchases made using specific types of credit. Section 75 makes the provider of credit (in this case Santander) equally liable where there is a case of misrepresentation or breach of contract by the supplier of goods or services financed by the credit.

Santander did not consider a Section 75 claim, but told our service – given the evidence obtained through the chargeback process – there was nothing to show that a breach of contract had taken place.

However, there are certain criteria that must be met before being able to consider whether there has been a misrepresentation or breach of contract.

One of these criteria is that for Section 75 to apply there must be a debtor-creditor-supplier (DCS) agreement in place.

Mr I's case relates to whether there was any breach of contract or misrepresentation deriving from the rental agreement.

However, while the rental agreement was between Mr I and the supplier, the rental of the car was not paid for by Santander. A third-party paid the supplier for Mr I's car rental. This means there was no DCS agreement in place as required for Section 75 to apply, and it would reasonably have followed for Santander to decline a Section 75 claim on this basis.

A further condition for Section 75 to apply, is that the cash price of the item being supplied must be over £100 but not more than £30,000.

In relation to the rental agreement, the cash price of the item (a rental vehicle), cost a total of £46.70. As this was less than the £100 threshold for Section 75 to apply, this also would have meant a Section 75 claim would most likely have been declined by Santander.

So even if Santander had properly considered a Section 75 claim, I think it likely the claim would have been declined for one or more of the reasons above. In the circumstances I've therefore not seen enough to say a declined claim would have been an unreasonable decision for Santander to reach.

Engagement with Mr I

I realise Mr I's concerns are more than just about the recovery of his funds as he is very much disappointed in Santander's engagement with him during the course of this matter.

I can see Mr I is unhappy Santander told him in a call towards the end of February 2025 that his chargeback had been accepted and he would be refunded £500 in due course, only to later find that was not correct.

Having listened to the call recording, it is disappointing the Santander agent on the call was unable to properly grasp and explain the status of Mr I's chargeback at that time. It is apparent Mr I left the call with the understanding £500 was to be refunded to him as his chargeback had been successful, and only found out around a month later – during the course of his complaint with Santander – that the chargeback had been unsuccessful so he was not due a £500 refund.

It is possible the Santander agent may have either misunderstood the chargeback being 'accepted' by Santander as meaning it had been successful, or that, as is a practice by many creditors, a temporary refund of the disputed sum was to be paid to the cardholder while the dispute was being considered, and this is what the agent was referring to.

That said, in either case, I don't think it unreasonable to expect that Santander, as the expert here, ought to have been able to provide Mr I with clear information about his chargeback to support him in his understanding of what was happening.

It is fair to say Santander unnecessarily raised Mr I's expectations that the matter had been resolved in his favour, which was incorrect given the chargeback was still under consideration at the time of the call.

I am aware Mr I is seeking redress in the amount of £500 because of what Santander told him. However, although Santander did provide Mr I with inaccurate information in the call, it does not automatically follow that things ought to be put right as if the error had been true.

That is, if things had happened as they should have done, and Santander had explained to Mr I the chargeback was still under consideration, £500 would not have been paid to Mr I and he would not have expected it at that time – rather, he would have had to wait until the outcome of the dispute. As the outcome of the chargeback was that it was unsuccessful, Mr I was not due the £500, notwithstanding that he had already received a refund of the unused

portion of the excess.

I have noted that during the call the Santander agent did – as a gesture of goodwill – refund Mr I around £40 of interest paid on his account.

Mr I was also unhappy with the time taken for the chargeback.

While Mr I first approached Santander about the matter in December 2024, Santander did not have the information they required to raise the dispute until mid-January 2025. And on 29 January 2025 when they raised the chargeback, I think they did try to manage Mr I's expectations by letting him know they would contact him after 130 days.

I've noted some small delays in raising the chargeback after receipt of the information in January 2025 and in letting Mr I know the chargeback was unsuccessful, but I can also see that overall the chargeback was worked within the time-limits of the card scheme provider. So there's not enough for me to say Santander have acted unfairly here.

However, Mr I did contact Santander before the 130 days to find out what was happening, and his expectations were raised. The information and support given to Mr I in relation to this matter could therefore have been better particularly given, as time went on, Mr I let Santander know the issue was affecting his well-being.

Taking this all into account I am minded to increase the compensation proposed from £75 to £125 to reflect the upset and the trouble this has caused Mr I.

Summary

I realise this will come as a disappointment to Mr I who, having listened to his calls with our service and reviewed all his submissions, has felt very strongly about what has happened. And my conclusions here are not to add to Mr I's troubles in resolving this matter, but overall I think Santander fairly followed the chargeback process and Section 75 was unlikely to apply to Mr I's circumstances – so a claim was likely to be declined.

However, I do think Santander fell short in how they engaged with Mr I to support him during these events and did not provide him with clear information about what was happening. Had they done so, and even though the outcome of the chargeback or any Section 75 claim would still not have resulted in Mr I's favour for the reasons above, I think better support from Santander would likely have helped to manage Mr I's expectations and also reassure him that the matter was being fairly progressed for him so as to avoid unnecessary worry and need to contact Santander.

Responses to my provisional decision

Santander agreed with my provisional decision and confirmed they had nothing further for me to consider.

Mr I replied to my provisional decision to explain why he did not think the proposed award fairly reflected the scale or lasting impact of what happened. Mr I explained he felt let down by the lack of support for him as a long-standing customer of Santander and said broader lessons ought to be taken from these events to ensure accuracy and transparency for Santander's customers. Mr I said a token amount could not restore fairness given the trust in his bank had been damaged, and a higher award would better reflect the impact to him and go further to restoring confidence in Santander and as part of their acknowledgement of their responsibility to better engage with their customers.

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 have summarised Mr I's responses to my provisional decision above, but I assure him I have reviewed them all and given them careful consideration.

As I set out in my provisional findings above, it is not my role to fine or punish a firm as those are considerations for the appropriate regulator. My provisional findings also set out why it would not be fair or reasonable to award Mr I the £500, because in the circumstances it would not be fair to put things right as if the error Santander had made had been true. So I think it's fair to say the resolution of this matter rests on whether £125 is fair to recognise the personal impact the accepted shortcomings in Santander's engagement with Mr I have had on him.

When determining an award of this nature this service considers such things as the time taken to sort out a mistake, the impact to someone's health and whether there was anything an individual may have been able to do in order to reduce the impact of the firm's mistake.

As I noted in my provisional decision, there was an error and Mr I's expectations were raised when they did not need to be and so there is no doubt Mr I experienced disappointment here. However, and this is not to be dismissive of what Mr I has shared most recently, but I've seen nothing to persuade me that the sum proposed in my provisional decision is unfair in the circumstances.

I realise Mr I has said this matter has affected him more than he expected it to. Mr I's submissions speak much to his concerns about being able to trust his bank going forward and his feeling of being let down as a long-standing customer, but as I am sure Mr I can appreciate, it is not now possible to go back and undo what has already happened and it is not for me to interfere with Santander's practices. Mr I believed for around a month that he was to receive the £500 and learning otherwise was upsetting for him, but I have to also consider this error did not alter the outcome of the chargeback which would have still been disappointing for Mr I, or the likely Section 75 claim.

I think it is reasonable to say it is in Mr I's hands how he wishes to take his banking relationship forward with Santander.

I realise this will not be the outcome Mr I was hoping for, but for the reasons set out above I am not persuaded to depart from the conclusions I reached in my provisional decision.

Putting things right

Santander UK Plc should pay Mr I £125.

My final decision

For the reasons above, my final decision is that Mr I's complaint is upheld in part and Santander UK Plc should put things right as I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 8 December 2025.

Kristina Mathews

Ombudsman