

## The complaint

Mr R has complained Starling Bank Limited acted unfairly when declining his claims for money back.

## What happened

The parties are familiar with the background details of this complaint – so, I'll only briefly summarise them here. It reflects my role of resolving disputes quickly with minimum formality.

Mr R has complained about payments he made to two separate marketplace firms, who I'll refer to as X and Y.

### Complaint about firm X

In June 2024, Mr R made a payment to firm X, using his Starling debit card. This resulted in £213.88 being debited from his current account. Mr R says the deposit was to enable him to purchase skins for online games, but the gamer credit was never applied to his X account. So, he contacted X about the issue. Mr R says X sent him a message saying, *'we are writing to inform you that we will not be collecting payment..... you should reach out to your bank to get help with a reversal'*. So, Mr R contacted Starling saying he'd, *'never received a confirmation email or message at all confirming my purchase'*.

Starling raised a chargeback under the Mastercard dispute condition 4853 – Service Not Received. Starling also sent Mr R a message saying, *'we've reversed the pending payment'*. But it went on to clarify that, *'Even though we have reversed the payment, the retailer can still claim the money'* – which is what X did.

X defended the claim and provided evidence to support the payment had been successfully credited to Mr R's account and had been spent on three items. Starling sent a copy of what X had provided to Mr R who responded by saying, *'what they are showing is lies to cover up the fact that they didn't provide me with what I purchased'*. Mr R also said X had locked him out of his account, so he was unable to provide a transaction history to disprove what X had said, reiterated that X had specifically told him to contact his bank and get them to process a reversal, and he'd found multiple posts online from other customers who'd reported they'd experienced the same issue.

Starling decided to proceed to the next pre-arbitration stage. X again defended the chargeback and provided more evidence to show the in-game currency had been credited to Mr R's gamer account and had been spent. X also said they had no record of Mr R disputing the transaction with them. Starling decided the evidence provided by R was persuasive which meant they thought it was unlikely Mastercard would rule in Mr R's favour if they proceeded to the final arbitration stage. So, they informed Mr R they'd closed the chargeback and no refund would be provided. Unhappy with this outcome, Mr R complained to Starling about this and how they'd processed the chargeback.

### Complaint about firm Y

In July 2024, Mr R made some payments to firm Y. Mr R says the items he purchased weren't applied to the account he holds with Y. So, Mr R asked Starling to raise a chargeback for the disputed transaction amounts – but Starling declined to do so, saying that as Y was an unlicensed gambling merchant the scheme rules meant it wasn't possible for them to raise a chargeback. Unhappy with this outcome, Mr R raised a complaint to Starling about this.

### What happened after Mr R raised his complaint with Starling

Starling responded to Mr R's complaint by maintaining they'd correctly followed and applied the chargeback rules when declining to raise a chargeback for the payments Mr R paid to Y and when deciding there was little to no prospect of a chargeback succeeding against X based on the supplied evidence.

Because Mr R didn't agree with what Starling had said, he brought the complaint to the Financial Ombudsman. Our Investigator didn't uphold Mr R's complaint. In summary, the Investigator said the chargeback rules were strict, and they believed Starling had applied them fairly and correctly.

Mr R responded by saying that, *'although there is a gambling aspect to [Y] if you looked into the website you would see it is ALSO a marketplace where you can purchase skins which i never received'*. Mr R also queried why Starling had processed a reversal and had credited his account with the disputed amount if it wasn't possible to raise a chargeback. Mr R said he thought a reversal meant he got to keep the money, so he spent it. The Investigator responded by saying a 'temporary' credit is sometimes referred to as a 'reversal'. And in this instance, they were satisfied Starling had warned Mr R they would re-debit the account if the chargeback proved unsuccessful.

Because Mr R didn't agree with the Investigator's findings, this complaint has come to me to make a 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.

Mr R has made several detailed points in his complaint including in the submissions he's provided following the Investigator issuing their findings. I want to assure Mr R that I've considered everything he's said, 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.

As Mr R paid for the goods/services using his debit card, the only viable means Starling had available to help Mr R get back some, or all, of the disputed payments was via the chargeback scheme.

### **The chargeback scheme**

A 'chargeback' is a way for a debit or credit card provider (Starling) to reclaim money from the merchant's bank where there are certain problems with the purchase of goods or services by a consumer (Mr R). It isn't a legal right and there's no guarantee the card provider will be able to recover the money this way. It's a voluntary scheme and the process

must follow the scheme rules. As Mr R's card was issued under the Mastercard brand, the Mastercard chargeback rules apply here.

The scheme rules are written by Mastercard. Starling must follow the rules – which are strict, and time limits apply. The rules allow the merchant to either accept the dispute or provide evidence in defence of the chargeback. If an amicable conclusion can't be reached, it's Mastercard who decides the outcome of the dispute – not Starling.

What I need to decide here is whether Starling acted fairly in how they processed the respective chargebacks and if they did so in a timely manner. Based on what I've seen, I think Starling did. I'll explain why as I appreciate this isn't the outcome Mr R was hoping for.

### **How Starling handled/processed the chargeback against X**

Mr R says the gamer credits weren't credited to the account he holds with X. Mr R says he provided as much evidence to Starling as was available to him at the time to support his claim. I sympathise with the position Mr R found himself in. It can sometimes be difficult to prove something didn't happen – a negative, especially as Mr R says X locked him out of his account which meant he was unable to provide a statement to show he hadn't received the credit or bought any items.

As it's a voluntary scheme, there was no requirement for Starling to have raised a chargeback. However, in line with good industry practice, if there was a reasonable prospect of success, I'd have expected Starling to do so. Starling did raise a chargeback - which I think was the right thing for them to do based on what Mr R had told them and the supporting information he'd provided. However, I understand why Starling thought the evidence X provided in defence of the chargeback was compelling and supported that Mr R's account had been credited with the purchased gamer credits and this had then been used to buy several items.

I appreciate Mr R maintains he didn't receive the credit or items. But, given what X had supplied, I understand why Starling needed Mr R to supply them with more to show this wasn't the case. In the circumstances, I think it was reasonable for Starling to conclude it was unlikely Mastercard would have ruled in Mr R's favour had they proceeded to move the chargeback to the final arbitration stage. So, on balance, I think Starling acted fairly when deciding not to do so and to close the chargeback when they did.

### **How Starling handled/processed the chargeback against Y**

With regards to the disputed transactions Mr R made to Y the relevant scheme rule says:

- *'Gambling and Investment Chargebacks - An issuer has no chargeback rights related to the use or authorized transfer of such value or assets, or on any winnings, gains or losses resulting from the use of such value or assets.'*

An internet search readily shows there are many online reviews and forums dedicated to Y. I think it's fair to say the consensus is that Y is a popular online gaming platform dedicated to a popular game which offers various game modes and betting options. It's characterized as a fast-growing, "provably fair" site where users can open virtual cases to win, trade, or gamble with in-game skins.

I appreciate Mr R says the site allows for skins to be bought and traded. But based on what I've seen, I understand why Starling thought the provided evidence supported the site was primarily used for gambling purposes. So, I don't consider Starling acted unfairly when

saying the scheme rules prevented them from raising a chargeback against Y for the disputed payments.

### **Temporary refund / reversal**

Sometimes a business will credit their customer's account with the disputed transaction amount before they assess if a chargeback or other claim can proceed and the outcome is known. This isn't something a business has to do, and the decision is made on a case-by-case basis – a business may not make a credit for every dispute they receive. Sometimes, this is done by the business making a 'temporary credit' and sometimes by them processing a 'reversal'. I appreciate Mr R thinks 'reversal' implies the credit is permanent. But I'm not persuaded this is the case. And I'm mindful Starling notified Mr R at the outset that X may still claim the money.

Overall, I think Starling correctly followed the chargeback rules and processed Mr R's claim in a timely manner without any undue delays. So, I'm not instructing Starling to take any further action in relation to this complaint.

### **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 Mr R to accept or reject my decision before 10 April 2026.

Carl Bibby  
**Ombudsman**