

The complaint

Mr C has complained about the way Santander UK Plc dealt with a claim for money back in relation to a payment he'd made using his debit card.

What happened

Both parties are familiar with the circumstances of the complaint which I'll summarise here.

Mr C said he used his Santander debit card in November 2024 to pay a hotel in Turkey for a premium mobile phone. Mr C paid £5,288.98 for the phone which he said was provided at a retailer in the hotel which I'll call S, but the payment was made to the hotel which I'll call L.

Mr C said that the phone was sold to him as new, but it had already been used and was not working, and S was informed and promised a replacement. Mr C said he returned the phone and that S lied about the arrangements for a replacement and eventually stopped responding. He said he complained to L who had processed the payment.

Mr C asked Santander to dispute the payment in January 2025. Santander asked Mr C for some more information and raised a chargeback in March 2025. The chargeback was later declined, and Mr C raised a complaint.

Santander said that it processed a chargeback dispute under the Mastercard scheme. It said the chargeback was defended by the merchant (L) on the basis that the payment was for a future hotel booking. Santander said it asked Mr C for further information in order to contest and continue with the claim, allowing 14 days for a response. Santander said that as no response was received it closed the claim and was unable to pursue it further. It said that it had considered Mr C's allegation that the defence provided was fraudulent, but as the time to progress the claim had expired it had no further recourse. It said that Mr C could pursue a civil claim against the merchant. But it did acknowledge some service issues in relation to how it handled the claim and paid Mr C £150. It issued a final response on this basis in July 2025.

Mr C referred his complaint to the Financial Ombudsman. He said Santander failed to update him, letters weren't received and phone calls contradicted whether letters were even sent. He said the hotel's defence was accepted without proof, and Santander refused to reopen the claim despite evidence of fraud and inconsistencies in the process. An investigator here considered the complaint. He said that Santander had correctly raised a chargeback on the basis that the item was defective or not as described. He said that Santander had sought further information from Mr C when the chargeback was defended by the merchant. But when no response was received it closed the claim. He didn't think Santander acted unfairly in declining to proceed to arbitration with chargeback as without further evidence it did not have a reasonable prospect of success. And by the time Mr C had responded to say that the defence to the claim was fraudulent, it had run out of time to progress the claim further.

Mr C disagreed. In summary he said:

- There was no opportunity for him to respond as he didn't receive the letter of 14 April.
- He'd called on that date, and no letter had been sent. He was denied a fair opportunity to dispute the merchant's response.
- Santander accepted fraudulent evidence without verification, the claim had been for goods and not a hotel reservation.
- Customer service failures actively hindered his ability to respond.

As an agreement couldn't be reached, the case has been passed to me to make a 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules including Consumer Duty, guidance and standards, codes of practice and (where appropriate) what I consider having been good industry practice at the relevant time.

I want to acknowledge I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide matters with minimum formality. But I want to assure Mr C and Santander that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

I also want to say I'm very sorry to hear that Mr C was unhappy with the goods that he bought. I appreciate that he paid a significant sum, and he's been unable to recover that to date.

Where the evidence is incomplete or inconclusive, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

The key matter I need to consider is whether Santander – as a provider of financial services – has acted fairly and reasonably in the way it handled Mr C's request for a refund. I have to make the distinction between the financial services provider (Santander) and the merchant (L) here as we can't look directly at what happened with L or S. I'm not deciding whether or not S breached the contract it had with Mr C or determining his legal rights. I've gone on to think about the specific card protections that are available. In situations like this, Santander can consider raising a chargeback.

Chargeback allows for a refund of the money paid with a debit card in certain situations, such as when goods or services have been paid for but are faulty. Chargeback isn't a legal right or a statutory protection which means there isn't an automatic right to get a refund from the card provider. I would expect a card provider to attempt a chargeback if there was a reasonable prospect of success. Which claims have a reasonable prospect of success is determined by the claim being in line with the rules of the card scheme to which the card belongs. In this case the card scheme was Mastercard.

While it's good practice for a card issuer to attempt to chargeback where certain conditions are met and there's a reasonable prospect of success; there are grounds or dispute conditions set by the relevant card scheme that need to be considered. If these are not met,

a chargeback is unlikely to succeed. And something going wrong with a merchant won't always lead to a successful claim.

It's important to note that I'm looking at the information that Mr C provided to Santander at the time. Mr C is the cardholder in this case, and the merchant is L as that is the company to which the card payments were made. Firstly, I need to set out that Santander had no reason to suspect that the transaction itself was fraudulent. It was authorised by Mr C and in itself wasn't unusual. In essence the claim appeared to be a dispute about goods, which does fit within the requirements of the card scheme rules.

Although Mr C contacted Santander in January 2025, Santander needed further information before it could submit the initial chargeback. It only had one opportunity to submit a chargeback through the scheme, so it used this opportunity to clarify some details. Mr C completed a disclaimer and provided some more information in February 2025.

Santander processed the chargeback in March 2025. In order to do so it needed to ensure that the claim met one of the conditions of the chargeback scheme rules. As Mr C had claimed the phone wasn't working and wasn't new it raised the chargeback under the condition "Goods or Services Were Either Not as Described or Defective". Based on what I've seen Mr C had provided sufficient information to meet the initial conditions of the chargeback scheme, he'd provided an explanation about the dispute, he'd said that he'd returned the goods but S had failed to provide a replacement or refund, and he'd claimed that the goods could not be used and did not conform to their description. At this initial stage optional documents from an expert or professional that supported the dispute about the quality or misrepresentation could have been provided, although they were more likely to be needed if the chargeback proceeded to arbitration.

Once Santander submitted the chargeback through the card scheme it needed to wait for a response within the prescribed time frame. I can see that it sent Mr C a letter dated 13 March 2025 which explained next steps and the maximum timescale of 130 days. I can also see evidence that Santander sent Mr C a further letter after the chargeback had been defended, requesting further information. The letter was dated 14 April 2025, it was correctly addressed, and it asked for his rebuttal of the merchant's defence, setting out a deadline of 14 days. I appreciate that Mr C said he didn't get this letter and had called on the same day asking for an update. I have to note I don't know what time the letter was created, and the customer service representative he spoke to didn't have direct access to the dispute itself, she was reliant on updates posted by the back-office team and there were none at the time Mr C called. But I can't ignore that I've seen evidence of the letter, which was correctly addressed and I can't hold Santander responsible if he didn't receive it. As Mr C didn't respond in time with his rebuttal, Santander would have no further opportunity to progress the chargeback through the scheme. It wouldn't have met the strict timescales to move to the next stage of the chargeback claim, and in Santander needed to provide Mr C's rebuttal to the merchant's claim rather than make any assumptions based on the evidence provided.

I also appreciate that Mr C thinks that Santander ought to have interrogated L's defence more robustly. But the defence wasn't out of line with what was expected from this type of transaction, and Santander had no reason to suspect foul play. Based on the information that Santander had at the time; I think it followed the chargeback rules and processes as set out by Mastercard. And without further input from Mr C, it didn't need to progress the claim to arbitration. Even if it did, ultimately it would be for the card scheme to determine the outcome and not Santander. And I have to note there is no expert evidence to support Mr C's claim that the goods were defective or not as described other than the messages with S. I understand Mr C's arguments that the evidence provided by L was fraudulent. But the chargeback process isn't best suited to those sorts of claims. It doesn't have the power to

compel witnesses and marshal sworn evidence in the same way that a court can. So, I can't be certain, or even say it is more likely than not, that Mr C would have received a refund.

I've considered the overall customer service Santander provided during the claim. Mr C said that there was a lack of feedback about the claim, and it took a long time. Initially he tried to submit the claim online but was unable to do so. After his initial contact about the claim, he contacted Santander several times before the chargeback was submitted, and although he was given limited information about the progress of the claim, I can't say that he was given incorrect information.

Overall, I think Santander dealt with the claim in the way that I would expect, it updated Mr C when it needed more information and when there was a significant update. I've looked at the communication and listened to all the calls. Mr C called Santander on the same day that a letter was sent. But the customer service representative did not have any update available on the chargeback process at the time of his call. I've noted that Mr C wasn't provided a call back in the timescale arranged after making a complaint. Santander acknowledged that the service could have been improved and paid £150 as a goodwill gesture. That doesn't mean that it acknowledged it made a mistake with the claim or that it would have changed the outcome of his claim. But I think the compensation for the service is fair given the circumstances.

I know that this decision will be highly disappointing for Mr C, and I'm sorry about that. But I don't think the answer Santander gave him about his claim was unreasonable given the evidence available and the card scheme rules. I don't find I have grounds to direct it to take the place of the merchant and refund the money that he paid to L, so it follows that I don't uphold his complaint.

Mr C doesn't need to accept my decision, and he'll be free to pursue the complaint by other means, such as through the court, after obtaining legal advice, as necessary.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 12 May 2026.

Caroline Kirby
Ombudsman