

The complaint

Mrs S has complained about how American Express Services Europe Limited (AESEL) handled her refund claim.

What happened

The details of this complaint have been set out previously and aren't in dispute, so I won't repeat them again here. Instead, I'll focus on the reasons for my 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.

I've read and considered the evidence submitted by the parties but won't comment on it all – only the matters I consider to be central to this complaint. This isn't intended as a discourtesy but reflects my role in resolving disputes informally.

It's important to note that AESEL aren't the provider of the goods here – so in deciding what is fair and reasonable, I'm looking at their particular role as a provider of financial services. In doing so I note that because Mrs S paid for this transaction using an AESEL credit card, both chargeback and a Section (S75) of the Consumer Credit Act 1974 claim could possibly help her. So in deciding what is fair and reasonable I've focused on this.

Chargeback

Chargeback is the process by which settlement disputes are resolved between card issuers and merchants. A consumer isn't entitled to chargeback by right. But where there are grounds to raise one and it has reasonable grounds for success, it is good practice for one to be raised by the card issuer.

However, a chargeback isn't guaranteed to succeed and is governed by the limitations of the particular card scheme rules (in this case AESEL's scheme rules). I've considered the relevant chargeback rules in deciding whether AESEL acted fairly.

The relevant chargeback code here would be 'Goods/services damaged or defective'. I've therefore considered the evidence available regarding this chargeback rule and whether AESEL acted fairly when they declined Mrs S claim following the merchant's objection.

Mrs S's complaint relates to a car engine purchased from an online marketplace I shall call 'F' on 4 January 2025 using her AESEL credit card for £5,500.00. The seller agreed to fit the engine at additional cost; however she later said that the engine was defective. She had the vehicle inspected at a garage and they said there were multiple issues, concluding there were serious engine defects.

Did AESEL act reasonably in declining the chargeback claim?

I've considered the relevant scheme rules carefully and there are specific requirements where a merchant can challenge a chargeback dispute. These include evidence that the goods weren't returned or that the merchant attempted to repair or replace the defective goods.

In this case, F provided the seller's response to the dispute and they didn't agree there was anything wrong with the engine. They said:

"I will get engine back and then will refund, waiting for the car to be delivered back to me and will take engine out at my own costs".

F also said that Mrs S hadn't tried to initiate a cancellation or return of merchandise through their systems and that she still had possession of the engine. As a result they disputed the chargeback claim.

Chargeback claims are prescriptive and must be assessed strictly in line with the scheme rules.

Mrs S has said she suffered consequential losses including installation costs and the garage report. However, chargeback only covers the original transaction amount. So even if the chargeback had succeeded, these additional losses wouldn't have been covered.

Still, as the engine wasn't returned to the seller, who did offer to remove it at their own expense on return, this meant that the chargeback claim wouldn't have had a reasonable prospect of success under the scheme rules if it had been progressed. Therefore, I can't say AESEL did anything wrong here in their administration of the chargeback claim itself.

In these circumstances, S75 was the more appropriate route to pursue. I've therefore considered AESEL's administration of the S75 claim below.

S75

S75 provides that in certain circumstances the borrower under a credit agreement has an equal right to claim against the credit provider if there is either a breach of contract or misrepresentation by the supplier of goods and services.

To assess a valid claim, AESEL would've needed to consider all relevant evidence for the alleged breach of contract or misrepresentation. But for there to be a valid claim under S75 there are certain technical requirements and a part of that is there needs to be a valid debtor-creditor-supplier (DCS) agreement in place. This means there needs to be a valid agreement between the 'debtor' who took out the finance and the supplier of goods or services in dispute.

I note there was the involvement of a payment processor which I shall call 'R' in this dispute as well, and I understand our investigator said that it wasn't clear whether the required DCS agreement was in place for a valid S75 claim. I haven't considered this further because, even if the agreement met these requirements, I don't think there's sufficient evidence of breach of contract or misrepresentation.

Breach of contract

I've considered F's explicit terms here regarding item returns and these do say that if an item is faulty or damaged, it can be returned for a full refund. They've said the first step is to let the seller know by requesting a return. However F has said that no attempt was made to initiate a return through their internal systems.

I won't go into this again as I've quoted their response prior in this decision – but the seller did offer to refund the item on return. However as F's own return process wasn't initiated, I can't say that their explicit terms were breached here.

I have also considered the implicit terms of the Consumer Rights Act 2015 and specifically Section 9 (S9) which states that every contract to supply goods is to be treated as including a term that the quality of the goods is satisfactory.

Mrs S has said the engine wasn't fit for purpose and has provided a garage report from 12 March 2025 which detailed several issues and concludes by saying that they felt the vehicle was unsafe due to serious engine defects.

While these issues were listed, the report was only around half a page long. It listed faults but didn't explain the likely cause and whether they existed at the time of sale. This matters because the S75 claim relates only to the purchase of the engine. Installation was a separate agreement evidenced by the chat messages between Mrs S and the seller.

As a result, issues with the installation of the engine wouldn't be covered by this S75 claim. Still, it's not possible to determine whether the issues experienced here were due to the installation, if the engine itself was faulty at the point of sale or this was a result of other factors – and as stated, the garage report does not shed any light on this.

Section 20 (S20) of the CRA does give consumers the right to reject goods that aren't of a satisfactory quality. In this case, I can't say there was sufficient evidence of this, as the report provided didn't provide detail on the reasons for the faults themselves. Even if the report had been sufficient, S20 states that when the right to reject is exercised, the seller would be expected to refund the consumer. In return, the consumer would need to make the goods available for collection.

While the seller was adamant that the engine was fit for purpose, they still offered to remove the engine and return the vehicle. Mrs S didn't return the goods as required. So I can't say F breached the relevant terms or that a refund was due on the information available.

I'm aware though that Mrs S has said there were specific reasons why she didn't return the engine here and I'll go into this below.

Why wasn't a return of the engine made?

Mrs S said that while the seller offered to refund the engine once returned, she had concerns about the following:

- The seller didn't confirm that the original engine would be returned to the car.
- Her messages to the seller on F were ignored and she didn't think the matter would be resolved.
- She also thought the engine had been misrepresented in the first place as it wasn't fit for purpose.

Addressing each of these in turn, while I appreciate Mrs S was concerned that the original removed engine wouldn't have been returned, the transaction was only for the purchase of the new engine itself and so this S75 claim is regarding any breach of contract related to this purchase only.

I also can't see any evidence of a conversation with the seller regarding the reinstallation of the first engine at all. I have noted though that Mrs S did discuss her issues with the seller via chat messaging following the garage inspection and they said:

"I will help you to sort everything out for you just bring the car to me place, any engine related issues will be sorted by the warranty which I gave you".

I do think that this is sufficient to say the seller was willing to help address the issue, which they later confirmed in their response to the chargeback claim.

While I do emphasise that Mrs S felt that her issues wouldn't be addressed satisfactorily, the seller did offer to remedy matters. I do think it was reasonable for Mrs S to ensure the item was returned to them to allow them the opportunity to do so.

I therefore can't agree that AESEL did anything wrong in declining the S75 claim as there isn't enough evidence to conclude there was a breach of contract by F here.

Misrepresentation

I've also considered misrepresentation with mind to S75 and this requires sufficient evidence that Mrs S was induced into the purchase due to a false statement of fact. I know Mrs S has listed several alleged misrepresentations she raised in her complaint. I've focussed on what was said about the item itself (so for example, the item listing and description). Mrs S has provided various submissions such as the time taken for the seller to install the engine – these aren't matters I can consider here as a part of the S75 claim as this was agreed separately.

Mrs S has said that the item listing described the engine to be in perfect running order but she received a faulty engine. While I appreciate Mrs S's position, we have insufficient evidence that the engine was faulty at the point of sale. So I can't say the listing amounted to a false statement of fact.

Could further information be provided to support Mrs S's claim?

It is quite common for a S75 claim to have insufficient evidence to support a breach of contract or misrepresentation – and in those cases a further independent inspection report is often required to determine what faults exist, the actual reason for the faults, and if they existed at the point of sale. In this case, the report provided wasn't as detailed as required. While they listed a series of faults, they didn't provide the reason – i.e. if it was a faulty engine or due to installation issues that resulted in it not functioning correctly.

It may then have been helpful for an additional detailed report to be provided to provide further light on these matters. Unfortunately, this isn't possible here as Mrs S has since sold the vehicle.

While I appreciate Mrs S says the buyer reduced the agreed purchase amount after the vehicle was inspected due to the issues with the engine, it's now no longer possible to determine if there was a prior breach of contract or misrepresentation. With all of this in mind, I can't say AESEL did anything wrong in declining the S75 claim with the information available.

General claim handling

I understand from AESEL's files that there were additional concerns regarding callback delays from a manager during the claim and about making her normal balance payments in time.

Mrs S said she hadn't received a return call on 8 May 2025 (after initially requesting the call on 6 May 2025) but AESEL explained they were also gathering evidence at the time. The S75 claim outcome was then provided on 28 May 2025 and AESEL said in their final response letter that did attempt to call Mrs S on 28 May 2025 and 29 May 2025 but they weren't able to get through.

In addition I've not seen any evidence that AESEL said their normal payments wouldn't still be due during the S75 process. With all of this in mind, I can't say AESEL did anything wrong here.

Complaints regarding R

Mrs S has also mentioned several complaint points regarding advice given by R to her. As this complaint is regarding AESEL and their administration of her refund claims, I wouldn't be able to consider these issues. Mrs S would need to contact R directly regarding her concerns.

In summary, I know this will be disappointing to Mrs S but I won't be asking AESEL to do anything more.

My final decision

For the reasons explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 20 February 2026.

Viral Patel
Ombudsman