

The complaint

Miss K has complained about the way Starling Bank Limited dealt with a claim for money back in relation to a purchase she'd made using her debit card.

What happened

Miss K said she used her Starling debit card in October 2025 to pay a merchant I'll call H for medication. Miss K paid H around £323.99.

Miss K said the medication was due to be delivered the following day but there were delays with the courier which meant that it wasn't delivered until the day after that. Miss K said that as the medication wasn't being stored at the correct temperature it was unsafe so she contacted H. H said that it would provide a replacement if she returned the medication she had received. Miss K returned the medication at her own expense on the understanding that cost would be reimbursed. But then H told Miss K that it wouldn't provide a replacement because it said doses were missing.

Miss K contacted Starling in October 2025 and asked for help to get her money back. But after looking into the claim it declined to assist any further. It said that Miss K hadn't provided any evidence that H would give a refund. Unhappy with this Miss K raised a complaint.

Starling ultimately said it couldn't help because she hadn't provided any evidence that she was promised a refund by H. It issued a final response on this basis.

Miss K referred her complaint to the Financial Ombudsman. Our investigator looked into things but didn't uphold the complaint. He said he thought Starling was fair in concluding it didn't need to process a chargeback.

Miss K didn't agree. In summary she said that H had confirmed a refund or replacement would be provided. She said that even if the merchant were to dispute it Starling should still have raised the chargeback rather than refusing entirely. She asked for the matter to be reviewed again, and Starling instructed to raise the chargeback.

As an agreement couldn't be reached, the complaint 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 quickly and with minimum formality. But I want to assure Miss K and Starling 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 need to consider whether Starling– as a provider of financial services – has acted fairly and reasonably in the way it handled Miss K's request for a refund. I have to make the distinction between the financial services provider (Starling) and the merchant (H) here as we can't look directly at what happened with H. I've gone on to think about the specific card protections that are available. In situations like this, Starling can consider raising a chargeback.

Chargeback allows for a refund of the money paid with a credit or debit card in certain situations, such as when goods or services have been paid for and not received. 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 some 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 not a way to determine a consumer's legal rights.

Like our investigator I've looked at the chargeback scheme rules to determine if Starling had enough information to comply with the scheme rules. I agree with our investigator's assessment that there were two dispute rules that Starling could have considered. I also have to be mindful that there is only one opportunity to raise a chargeback, so Starling needed to base the claim on the information that Miss K provided.

As Miss K said that the medication wasn't stored at the correct temperature which made them unusable, I've firstly considered the chargeback rule "Goods or Services Were Either Not as Described or Defective". I understand that Miss K says that the goods were defective due to not being kept at the right temperature. In itself that is something that is difficult to assess given the nature of the goods, how they were transported and not being certain about what happened once they were received. But despite the lack of clarity on whether there is sufficient evidence that the goods were defective, one of the conditions of this chargeback rule is that the merchant refused to adjust the price, repair, or replace the goods or other things of value or issue a credit. But H had agreed to provide a replacement once the goods were returned, although there was a subsequent dispute about whether the goods were returned unused. So, Starling couldn't have raised a chargeback under this rule as it didn't meet the strict conditions and it likely would have been deemed invalid under the scheme.

As an alternative, I've considered the chargeback rule "credit not processed". One of the conditions of this chargeback rule is that there must be merchant documentation to support a credit is due. This reason is most usually appropriate when a cardholder receives a receipt for a credit, but it doesn't actually arrive in the account. But I don't think that chargeback rule clearly meets the description of what happened here. Miss K complained that the goods were defective due to late delivery, and although H appears to have disputed that, it was willing to engage in offering a replacement or perhaps a refund. The difficulty here is that the merchant disputes receiving the goods back intact and it says some of the medication was

used. So, it had agreed to a replacement subject to the goods being returned rather than already being satisfied with a return and offering a refund which then didn't materialise. Whilst I do appreciate how difficult it would be for Miss K to prove that she sent the goods back unused and intact, this sort of dispute isn't something that would clearly sit within the chargeback rules.

So, although "credit not processed" might have been the most applicable rule given the circumstances, I also have to consider whether Starling acted unfairly by deciding not to pursue a chargeback, and in not doing so whether it deprived Miss K of an opportunity to get a refund.

Based on the information available I'm persuaded that it was fair of Starling to conclude that the chargeback was unlikely to have reasonable prospect of success. I say this because based on the communication with H it is likely it would have defended the chargeback rigorously on the basis that the goods were not defective, or on the basis that the goods were not returned to it unused. Based on what I've seen, I think Miss K would be unlikely to be able to provide any further evidence to counter if the chargeback went to arbitration. She likely would have had to provide expert evidence that the goods were defective, and the letter she received from the manufacturer doesn't say that. She likely would have also needed to provide evidence that she returned the goods unused. I accept that is difficult to prove but the card scheme doesn't generally resolve complex disputes which might need expert witnesses or sworn evidence. And ultimately it would be for the card scheme to determine the outcome and not Starling. So, I can't be certain, or even say it is more likely than not, that she would have received a refund. As such I don't find I have the grounds to direct Starling to offer a refund in place of the merchant.

While I sympathise with the situation, as I explained above, something going wrong with a merchant won't always lead to a successful chargeback claim. I don't think Starling handled her claim unfairly. I'm sorry to disappoint Miss K but I don't find I have the grounds to direct Starling to reimburse her.

This decision won't affect Miss K's statutory rights so if she wants to pursue the matter against H by other means. If she rejects the decision, she'll be free to get legal advice on pursuing the matter by other means, such as through the courts.

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 Miss K to accept or reject my decision before 30 April 2026.

Caroline Kirby
Ombudsman