

The complaint

A company which I'll call 'R' complains that Stripe Payments UK Ltd treated it unfairly by debiting its account after a chargeback claim was made against it.

The complaint is brought on R's behalf by its director, Mrs C.

What happened

Mrs C told us:

- A customer purchased an event via R's app, but after taking part in the event they disputed the transaction with the card provider and claimed they should be refunded.
- R had sent evidence to Stripe to defend against the chargeback, including showing proof of the card holder attending the event.
- The card issuer didn't provide any evidence that R had agreed to refund the customer, but still said it should do so.
- All the evidence was sent to Stripe, but it said it wouldn't provide further assistance. R has now lost \$230 plus related fees and been caused inconvenience from the process. She wanted all these losses refunded by Stripe.
- Stripe and the card scheme provider should take action to prevent fraudulent claims being made against businesses where evidence doesn't support the chargeback.

Stripe told us:

- It didn't decide the outcome of R's dispute. R's customer had provided information to their card issuer, which said the amount charged for the event was \$230 more than agreed. After considering the evidence provided by the parties, the card issuer decided the chargeback should be upheld against R.
- R had provided evidence to defend the chargeback, and it had forwarded this as expected, and acted in line with its process. It wasn't fair to hold it responsible for the decision of the card issuer. Once the card issuer had provided its decision, the outcome was final for both parties.
- R was responsible for managing chargebacks on its account. Stripe hadn't retained any of the fees or payments incurred by R, its role was simply to allow R a way to respond to the chargeback with its evidence and then provide R with updates about the dispute in real time.

Our investigator didn't recommend the complaint be upheld. He said it wasn't Stripe's decision on whether or not the chargeback was successful, that was the decision of the card scheme provider. He said Stripe had acted in the way he'd expect, as it had given the card

issuer the supporting evidence provided by R as a defence against the chargeback. However, the card issuer was satisfied with the information provided by the card holder and upheld the chargeback against R. The investigator also said it wasn't in Stripe's terms to take a case to arbitration, but even if it had, it would only be expected to do so if there was a reasonable chance of success. But that wasn't the case here, as the card scheme provider was the same as the card issuer and had already considered the evidence, and upheld the chargeback against R.

Mrs C didn't agree. She said the role of our service was to hold financial businesses to account and in this case, Stripe and the card scheme provider had allowed a fraudulent chargeback. She also thought Stripe had acted unfairly by charging a fee to dispute the chargeback and then not actually taking any action.

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.

Mrs C has told us she's unhappy with the actions of Stripe when dealing with the chargeback against R. However, whilst I acknowledge Mrs C's frustration, it's not the role of the Financial Ombudsman Service to hold financial businesses to account. The role of our service is to resolve individual disputes quickly, fairly and impartially – and tell a business to put things right if we think it has behaved unfairly or unreasonably. And having considered the circumstances of this complaint, I don't think Stripe has acted unfairly or unreasonably. I'll explain why.

A chargeback is the process by which some disputes are resolved between card issuers and merchants under the relevant card scheme rules (such as VISA, Mastercard and American Express). Stripe doesn't operate the scheme or decide if a chargeback is successful – it can only decide whether or not to defend it. If the merchant service provider chooses to defend against the chargeback, the case will go to arbitration before the card scheme – who will consider all the evidence. The costs of arbitration can be significant to the losing party in the dispute.

Stripe's terms and conditions say it won't undertake the arbitration process, and I may have said this was an unfair term if there was a reasonable chance of R winning the dispute if it had gone to arbitration. However, in this case, I've seen evidence showing Stripe had already provided the information supplied by R to the card issuer – which in this case was also the scheme provider - and it had upheld the chargeback against R. Therefore, I'm not persuaded the scheme provider's decision would have been any different had the arbitration process been followed as the evidence had already been considered. So, I'm not persuaded Stripe has behaved unreasonably here.

I recognise Mrs C says Stripe (and the scheme provider) have a duty of care to customers and should prevent fraudulent claims from happening. But I don't think Stripe has done anything wrong here. I say this because there are limitations to the actions Stripe could undertake when receiving chargeback claims against a merchant, and the actions it has taken are in line with other merchant services providers. Stripe can only defend a chargeback if a merchant provides the evidence for it to be considered by the card issuer and the scheme provider. Stripe doesn't have any influence on the decision made by either the card issuing bank or the card scheme provider. I've seen that Stripe offers guidance to its customers on how to avoid chargebacks and the risks involved when talking different payment types. So, I think it acted reasonably here, and I can't fairly hold Stripe responsible for the actions taken by R's customer.

Mrs C says it's unfair for R to bear the costs of the chargeback and related fees, and she'd like them refunded. But I don't think that's fair. I say that because it's R's decision about which products and services it offers to its customers, and the risk it is prepared to take from any potential disputes with those customers. Stripe only operates the system which allows R to provide those goods and services to its customers. So, I don't think it's reasonable for R to expect Stripe to cover any losses which may arise as a result of its decisions. The terms and conditions of R's account with Stripe are clear about the process Stripe will follow if a chargeback is raised against a merchant, and the fees which are payable when a dispute is made. In this case, I'm satisfied Stripe has followed its process and applied the fees for dealing with R's chargeback dispute in line with those terms and conditions.

Ultimately, Stripe didn't make the decision to uphold the chargeback against R, nor is it obligated to cover the costs of chargebacks its customers incur. So, I don't think Stripe has done anything wrong by debiting the chargeback from R's account and declining to refund it once the dispute was upheld against the company.

I recognise that this has been a frustrating time for Mrs C and she'll likely be disappointed with my decision not to uphold R's complaint. However, I don't think Stripe has made an error here, so I won't be asking it to do anything more.

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 R to accept or reject my decision before 29 May 2026.

Jenny Lomax
Ombudsman