

## **The complaint**

Mrs H complains that Starling Bank Limited has not met its obligations in regard to a transaction she made on her debit card to purchase a package holiday.

## **What happened**

In June 2022 Mrs H paid on her debit card £7,411.60 for a pilgrimage abroad including flights, hotels, transportation, and other services. It was due to take place between 30 June 2022 and 19 July 2022. However the supplier shortened the pilgrimage significantly shortly before being due to fly, and in the end Mrs H flew out on 5 July and returned on 19 July 2022. Mrs H was in contact before and after the trip with the supplier but was dissatisfied with the outcomes of that correspondence. So she took her dispute to Starling even before she started the pilgrimage.

Similarly Mrs H has had significant correspondence with Starling and is similarly dissatisfied with Starling. Starling accepts it initiated a chargeback at a point contrary to Mrs H's wishes. This chargeback was unsuccessful. So Mrs H complained. Starling accepts it didn't do things well, but it doesn't think this made a difference regarding the final outcome of any chargeback. In reflection of the customer service that Mrs H received, Starling offered her £200. But Mrs H wants a fair refund bearing in mind her significantly curtailed pilgrimage. So she brought her complaint to this Service.

Our Investigator considered the matter and felt that Starling hadn't treated Mrs H unfairly. But Mrs H didn't agree so this decision comes to me to decide.

I issued a provisional decision in November 2023 stating that it had transpired that Mrs H had received a refund from the supplier for her missing days of holiday and that without evidence to the contrary that would likely have equated to cost of the missing part of the pilgrimage. However as Starling had raised a chargeback contrary to Mrs H's wishes and missed the opportunity to raise a chargeback when it should have, it should pay a total £450 to Mrs H to reflect the customer service it provided.

Starling has nothing further to add. Mrs H responded to say the amount wasn't enough for a variety of reasons.

## **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.

Having considered Mrs H's further comments I'm not persuaded to change my position re the outcome of this dispute as previously stated. Mrs H's is very unhappy with the service she was provided by the supplier and that is evident from her heartfelt comments. And it is clear that Starling haven't been exemplary here. But I can only award here for what Starling did wrong and the impact that had. I cannot award for what Mrs H describes as the failings of the supplier. This is because the test here is solely about whether Starling raised a

chargeback properly and what were its failings and consequences in relation to that. Mrs H paid on her debit card and as such I cannot hold Starling to a like claim for the pilgrimage under the Consumer Credit Act 1974 like I could, had she used a credit card. I can only hold it responsible for its failings around the chargeback and the ramifications of that.

Mrs H has made many arguments about the supplier and the pilgrimage she did receive. But as Starling isn't directly responsible for that. It is only responsible for considering chargeback and recouping what it should do through the chargeback process. So I'm not going to address all Mrs H's comments because of that key distinction. I shall now provide my rationale as per my provisional decision along with additional comments interspersed within that to deal with the key matters Mrs H has raised as I see them.

There is no dispute here regarding the processing of the transaction itself that Mrs H made in June 2022. Accordingly I can now move on to considering how Starling treated Mrs H in her dispute with the supplier of the pilgrimage. It is also clear from the itinerary of this pilgrimage that it qualified as a 'package' under the Package Travel Regulations. I should also note here Mrs H has provided a wealth of evidence regarding the package being changed including the original and subsequent itineraries. I also note that the supplier sent an email to Mrs H on 28 July 2022 accepting that a refund was due and that it would be 'initiated' within fourteen days. It now transpires that such a refund has now been made in March 2023 for £627.76. This is important information which I shall consider later in this decision.

*could Starling challenge the transaction through a chargeback?*

In certain circumstances, when a cardholder has a dispute about a transaction, as Mrs H does here, Starling can attempt to go through the chargeback process. Chargeback isn't a right, but this service does consider it good practice to raise a chargeback, if within the time limits and if there is a reasonable prospect of success. I don't think Starling could've challenged the payments on the basis Mrs H didn't properly authorise the transaction, given what I've already set out.

Within the card scheme rules there are time limits set out for when chargebacks can be raised by banks. I note here that Mrs H was in contact with Starling before and after the package took place. So had Starling treated her fairly it could have raised the correct chargeback in time considering the evidence here.

Starling accepts it proceeded with the chargeback after Mrs H had specifically asked it to put the chargeback on hold. And it accepts that the supplier defended this erroneous chargeback, and that Starling didn't take the erroneous chargeback further. But it says for other reasons this doesn't make a difference. It is clear that now Mrs H and Starling are out of time to raise a chargeback regarding this trip due at least to the fact that they are now outside the time limits within the Mastercard rules.

Mrs H points to the Consumer Duty in her arguments. I note the events she's complaining about here predate the Consumer Duty and accordingly it isn't in force at the appropriate time. However I don't think this is material here as I think my outcome here is a fair and reasonable solution to what happened.

Mrs H points to the fundamental importance of this pilgrimage in terms of its importance to her in terms of fulfilling her religious duty. And as a consequence what happened here as having had a fundamental impact on her fulfilling this duty and not having achieved or experienced all that she wished to achieve on this pilgrimage. I can see this being of great importance to Mrs H for obvious and fundamental reasons. And I've kept this at the forefront of my thinking throughout.

However as this transaction was funded through Mrs H's debit card I can only consider this matter through the lens of whether Starling did what it should in terms of raising a chargeback and treating Mrs H fairly in that regard. And under the rules of the scheme the most that Mrs H could receive would be amount of that transaction that was due to be refunded to her. I can well appreciate Mrs H's resolve to get a fair outcome here despite being originally refused this by Starling. I should add that Mrs H's arguments and resolve here are in my opinion to her credit as she has made submissions clearly, logically, and consistently throughout.

However it transpires that despite Starling's failing to do a chargeback properly, the supplier has made a refund to Mrs H in March 2023, many months after she returned from the pilgrimage she did go on. And without further information on the background of this refund (which Mrs H doesn't have) I can only assume this refund she did receive is the correct amount corresponding to the cost of the early part of the pilgrimage that was missed due to the supplier shortening the trip length. And it being the refund that it had said long ago that it would make. So I can only conclude that had Starling done a chargeback properly Mrs H would have received that same amount at the time of the chargeback as she did directly from the supplier in March 2023.

Mrs H has responded to say she fundamentally disagrees with this assumption. She says the refund amount is in essence an amount the supplier has provided to appease those affected, but not a true and fair refund. She has not provided any persuasive documentary evidence to support this. And without such evidence and bearing in mind the supplier said it would make a refund and did (eventually), I have no persuasive evidence to support Mrs H's position. And even if Mrs H is correct there is nothing persuasive to dissuade me that had Starling raised a chargeback correctly the supplier wouldn't have paid the same amount for the same reasons at that point as Mrs H says it did in the end. So even if Mrs H is correct about this-that wouldn't be the fault of Starling.

Mrs H has pointed to her fellow travellers getting full refunds from their banks. That may be the case. However I don't consider it fair for Starling to do the same. Mrs H did get to go on the trip and received the benefit of the majority of the trip albeit it wasn't what she was expecting to receive and much of the trip was changed. So I don't think a full refund is due because she had the benefit of the flights and some of the planned services. And has apparently been refunded what the supplier felt was fair to refund.

I now think, in light of now knowing the supplier did provide a refund to Mr H, that although Starling has fallen significantly short of my expectations of how to handle a chargeback, that it has nothing further to do here as to the chargeback amount. This is because I think that Mrs H has received the amount direct from the supplier that she would have done had Starling done the chargeback in the autumn of 2022 as it should have done.

Mrs H has made significant comment in response to my provisional decision. Including the following:

*"This behaviour of Starling Bank added to my already awful experience, mental anguish and stress that I was already suffering with in relation to my pilgrimage (before, during and after it). I was not sleeping or eating properly due to this. It had a huge impact on my mental health for over 6 months and I hold Starling Bank responsible for my poor health. Their lack of empathy, action and co-operation was unforgivable! I have spent so long fighting this case with Starling Bank, it was a matter of principle and justice for me, to get heard properly and compensated accordingly."*

She has also said:

*"I will never be able to afford this pilgrimage again. It took all the savings I had. On another note, it's a physically gruelling challenge and who knows if I will be fit enough to carry it out again if miraculously, I had a windfall. I have a few medical conditions which my Doctors can verify, if need be, that could make it pretty difficult."*

I had previously said that Starling should pay the £200 distress and inconvenience payment it had offered if it hadn't paid this already. I've given the amount of distress and inconvenience payment thought again in light of Mrs H's comments. I think it likely had Starling raised the chargeback in the autumn of 2022 it would have meant Mrs H would have had her refund in September/October 2022 rather than in March 2023.

So I must now consider this delay bearing in mind the drawn-out nature of this dispute and the impact that has had on Mrs H between returning from the pilgrimage she did have and when she got the refund from the supplier. Bearing in mind Mrs H's comments on the matter and the significant impact it has had on her I now think a total amount of distress and inconvenience that Starling should pay Mrs H is £450 including the £200 it previously offered (and may have paid).

I appreciate Mrs H is going to be substantially disappointed with this position. I also appreciate she will feel that if she hadn't disclosed the refund she'd have received a significantly greater amount than she now will. Her integrity and honesty are to her credit. I also appreciate she may feel that she's being treated badly compared to her fellow travellers who she says received significantly more from their card providers. However I can only award what is fair and reasonable here and I cannot make awards because her fellow travellers may have received more because they used credit cards and hence received Section 75 protection under the Consumer Credit Act 1974 or because they received more than they were actually due for reasons unclear. It is also possible that they received temporary credits which have since been partially or wholly re-debited.

As Mrs H used her debit card and only chargeback is the only recourse available here she can only get refunded what she is owed through this process. So as the supplier refunded her direct, then Starling only has to redress the distress and inconvenience it caused and nothing further.

Mrs H has made many comments that I should increase the award including *"I'm sure they will continue to abuse other customers and not learn from their mishandling of their customers' cases."* This service doesn't make punitive awards, it makes awards based on what should have happened when businesses fail to do what they should have done. It is very clear that Mrs H's expectations of what Starling should have done are high but ultimately its role here was to consider and act properly with regard to chargeback. A voluntary process run by the card scheme and not Starling.

### **Putting things right**

So it is my decision that Starling Bank should pay a total £450 to Mrs H less any amount of distress and inconvenience it has already paid to her in relation to this dispute.

### **My final decision**

I uphold this complaint against Starling Bank Limited as set out above. Once the total amount has been paid to Mrs H it has nothing further to do on this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 10 January 2024.

Rod Glyn-Thomas  
**Ombudsman**