

The complaint

Mr K complains that Santander UK Plc declined to raise a chargeback dispute about his purchase of a package holiday.

What happened

In August 2022 Mr K bought a package holiday for his family, and paid £1,965 using his Santander debit card. He was dissatisfied with the hotel service and with the rooms provided. He was also disappointed to find that special assistance at the airport was not available for his disabled son on the return flight.

Mr K asked Santander for a refund. However, Santander declined his claim, on the ground that Mr K and his family had stayed in the hotel for the whole time that he had booked it, and had used the flights. Because Mr K had use the service he had paid for, Santander said that he was not eligible to raise a chargeback dispute. Being dissatisfied with that answer, Mr K brought this complaint to our service, but one of our investigators confirmed that it was correct.

Mr K asked for an ombudsman to review his case. He pointed out that he had complained about the hotel on his first night.

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.

My role in this case is limited to deciding whether Santander did anything wrong when Mr K asked it for a refund. I have no power to compel the holiday provider, a third party, to compensate Mr K. And the only possible remedy that Santander could offer him was to raise a chargeback dispute. But Santander has to follow Mastercard's chargeback rules; it has no discretion to depart from them. And if there is any ambiguity in the rules or any rules which could be interpreted in either of two ways, it is Mastercard's interpretation of the rules which counts, not Santander's. So I will not uphold a complaint against Santander about a chargeback claim if Santander has dealt with the claim according to the chargeback rules as understood by the company which writes them.

As I've said, Santander told Mr K that the chargeback rules say that a dispute cannot be raised for inadequate service in a case where the service has been used and not cancelled by its customer. I looked at the rules myself, and found that they do not state this explicitly. So I asked Santander why it had adopted this approach. Santander replied with evidence that Mastercard had previously told it in writing that this is how it interprets and applies its own rules. Mastercard had said: "By using the services, they are accepting the services as provided. There are no dispute rights." Santander was bound by that position. I understand that Mr K did not consider himself to be accepting the poor service that he was complaining about on the first day (and ever since), but Santander was in no position to substitute its own judgement for Mastercard's. If it had done so, then the holiday provider would have appealed to Mastercard, and Mastercard would have overturned the decision.

It follows that a chargeback dispute could never have succeeded. In those circumstances, there was no need for Santander to open a dispute, and so Santander has done nothing wrong. Mr K's only remedy is to pursue the holiday provider directly.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 14 November 2023.

Richard Wood
Ombudsman