

## The complaint

Mr E complained because American Express Services Europe Ltd (AmEx) re-debited a temporary £200 credit in relation to a dispute about his purchase of jewellery.

## What happened

On 20 August 2022, Mr E bought a ring online from a merchant abroad, using his AmEx card. He paid the equivalent of £4,840. On 14 October, Mr E asked the merchant to re-size the ring, which it agreed to do without charge.

On 20 October, Mr E contacted the merchant and said he'd had problems sending the ring back via the merchant's courier. The merchant offered Mr E a free bracelet, and a discount on a future order.

Mr E's re-sized ring was shipped back to him on 1 November, and he signed for it on 3 November. The merchant sent Mr E the free gift bracelet which was delivered to him on 21 November.

On 21 December, Mr E emailed the merchant and said he'd had the bracelet valued, and had been told it was only worth around \$10 USD. He told the merchant he would document his experience on review websites, and would claim via AmEx for the value of the bracelet on the merchant's website, less \$10 USD.

The merchant replied saying it didn't know why anyone would have told Mr E the bracelet was worth \$10 USD. It pointed out that Mr E hadn't been charged for the bracelet. The merchant said it couldn't provide compensation but asked if Mr E would prefer a different gift, offering some earrings.

Mr E contacted AmEx on 26 December, raising a dispute for £200 under the heading "*The goods or services I received are different from the description provided by the merchant.*"

AmEx raised a chargeback for Mr E and acknowledged his claim on 4 January 2023. This said "*We have now forwarded the documents to the merchant for more details and as we have previously ensured you were not liable to pay this amount while we investigated, we will now credit the amount and you will see this on your upcoming statement. If the merchant provides information supporting the transaction we may rebill your account. If this happens we will update you.*"

Mr E's AmEx statement dated 10 January recorded "*Items in suspense. These items are currently under review and excluded from the minimum repayment requested. Suspension of disputed charge £200.00.*"

The merchant disagreed with the chargeback and sent AmEx evidence that the ring had been shipped, the cardholder was in possession of the order and the free gift, and he wasn't owed a refund. The merchant said it was unclear why Mr E was disputing the equivalent of £200 as the claim appeared to be about the bracelet which had been sent to him at no cost to him.

AmEx wrote to Mr E on 30 January. It sent him the documentation and said that as this appeared to support the transaction, it had reapplied the £200 previously credited. It asked Mr E to review the merchant's documentation and if he thought it had been incorrectly represented, he should contact AmEx again.

Mr E complained.

In AmEx's final response to Mr E's complaint, it said that it provided the chargeback dispute process to help both cardholders and merchants in reaching a reasonable agreement. It said it had also reviewed Mr E's complaint that the case had been marked as closed and then rebilled. It explained that its process was to close a dispute after the chargeback was raised and if a merchant provided supporting documents, the charge would be reapplied and the case would be closed again. And it pointed out that it had told Mr E on 4 January that *"if the merchant provides information supporting the transaction, we may rebill your account. If that happens we will update you."*

Mr E wasn't satisfied and contacted this service. He said AmEx had marked his case as closed on its website, so he'd thought the merchant hadn't provided sufficient information or hadn't replied in time. Mr E said he'd raised a different dispute the previous year, and when he'd sent a chat message to AmEx it had said that case had been closed in his favour. So he thought this case too had been closed in his favour as he hadn't received any communication from AmEx. Mr E said he was £200 worse off and was left feeling stressed. He wanted AmEx to credit him with £200.

Our investigator didn't uphold Mr E's complaint. She explained that a chargeback can only be raised in certain circumstances where there had been a problem with an item purchased by a customer. The item Mr E had paid for was the ring. His complaint was about the free gift, which he hadn't paid for, so it wouldn't fall under the rules of the chargeback scheme. This means that Mr E's complaint about the value of the bracelet was a retail dispute which he'd need to take up direct with the merchant. So AmEx wasn't liable for this.

Mr E had also complained about the way in which AmEx handled his chargeback, saying it shouldn't have been marked as closed when it was pending. But AmEx had provided us with its correspondence, showing that when it had told Mr E about the initial refund, it had warned him that if the merchant provided information supporting the transaction, it might rebill his account. It had also informed Mr E when it took the decision to reverse the credit. So the investigator was satisfied that AmEx had handled the matter correctly.

Mr E wasn't satisfied. He said he wasn't happy with the outcome. He also said that AmEx's letter had been sent on the same day as the reversal, and he was unhappy that the reversal happened before he'd have received the letter. Mr E said he'd only been informed after the fact which was the heart of the issue. Mr E asked for an ombudsman's 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.

Chargebacks only apply to items purchased. Here, the item Mr E paid for was the ring. But he's not complaining about the ring, which he sent back for re-sizing, which was done free, and he hasn't complained about that. He didn't pay for the bracelet which is the subject of his complaint. That was a free gift, offered and sent by the merchant as compensation for courier problems.

Card issuers (here, AmEx) don't have to raise a chargeback. For example they might not do so if they think there's little reasonable chance of success. But AmEx did raise a chargeback for Mr E, even though he hadn't paid for the bracelet about which he was complaining. I consider AmEx's decision not to refund Mr E was fair and reasonable in the light of the information it received from the merchant.

Mr E also complained about AmEx's processes in relation to the chargeback. He said that only being informed after the chargeback refund was re-debited was the heart of the matter. So I've looked closely at the timescales and AmEx's handling of this issue.

On 4 January, AmEx informed Mr E that it had raised a chargeback, and it notified him that it had credited the disputed amount, but "*If the merchant provides information supporting the transaction we may rebill your account. If this happens we will update you.*" This was reflected on Mr E's 10 January statement which recorded £200 as "*currently under review.*" So I find that Mr E was sufficiently notified that the credit could be withdrawn.

After the merchant provided evidence that Mr E hadn't paid for the bracelet, the value of which he was disputing, AmEx wrote to Mr E again on 30 January. I find that was a reasonable timescale. As I've set out above, AmEx said that it had reapplied the £200 previously credited, asked Mr E to review the merchant's documentation and said that if he thought it had been incorrectly represented, he should contact AmEx again.

Mr E is unhappy because AmEx debited his account on the same day as it sent him the letter. But he had already been warned that the credit could be re-debited. And I've seen nothing to indicate that Mr E did contact AmEx again to dispute the merchant's evidence, as it offered. I consider that if Mr E had gone back to AmEx with evidence which proved the merchant's evidence to be false in some way, AmEx would have investigated further.

Mr E sent us an undated screenshot of a chat, without account number, about £200 of a £2400 transaction. This showed that the chat adviser said £200 had been applied to the account on 22 August and the dispute had been closed in the customer's favour. Mr E told us this related to a separate dispute he'd previously raised with AmEx, and that this led him to expect that if this case was also marked as closed, it was also in his favour.

I'm not persuaded by this argument. First, the screenshot of a different dispute doesn't determine the outcome of this dispute. I appreciate that Mr E would have preferred AmEx's procedures to mark a chargeback as "*pending*" when an initial temporary credit has been made, rather than "*closed*." But AmEx is entitled to set its own procedures, and this service doesn't tell banks to change their procedures, as that's the role of the regulator, the Financial Conduct Authority. In practical terms, I find that AmEx had sent Mr E sufficient information, in its 4 January email, echoed in the 10 January statement, to indicate that the credit could be reversed.

So I find that AmEx didn't do anything wrong, and I do not uphold Mr E's complaint.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 26 September 2023.

Belinda Knight  
**Ombudsman**

