

## **The complaint**

Miss T complains about the way in which J P Morgan Europe Limited trading as Chase ("Chase") handled her chargeback dispute.

## **What happened**

In September 2022 Miss T purchased a second-hand car from a merchant for £4,300 and paid £3,600 using her Chase debit card. The balance of the purchase price of the car was paid using a different card.

Miss T experienced issues with the car and spent around £1,300 on repairs.

Miss T first contacted Chase to raise a chargeback dispute in November 2022 but it wasn't until January 2023 that the chargeback was raised. Chase closed the chargeback dispute in April 2023 because the merchant challenged the chargeback on the grounds that the car was sold as seen.

The merchant later refunded Miss T the sum of £3,600 in May 2023.

Miss T complained to Chase. She was unhappy that it had taken so long for her to receive her money, which was £700 less than the purchase price of the car. She was unhappy with the way in which Chase had handled the chargeback.

In its final response Chase said it wouldn't uphold the complaint based on the length of time it had taken because it had followed its internal processes. It offered compensation of £40 to Miss T for the incorrect advice given to her about the disputes team opening times.

Miss T remained unhappy and brought her complaint to this service.

Our investigator upheld the complaint. They said they thought Chase could've done more, and said they thought the chargeback would've been successful as the merchant refunded Miss T in the end. The investigator said that Chase should pay compensation of £100, in addition to the £40 offered for the customer service issues.

Chase didn't agree. It said that the merchant had challenged the chargeback and that it had followed the correct processes, including taking the case to pre-arbitration. Chase said that at the pre-arbitration stage, the chargeback was closed because the merchant made the decision to refund Miss T directly and admit fault. Chase said it felt that it had done everything it could in regard to the chargeback.

## **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 are a voluntary scheme. How it works is that the card issuer checks the complaint against the possible chargeback reasons to see what sort of evidence is required. This is so it can decide whether or not it can make a successful claim for the customer. Card

issuers don't have to submit claims and they will only do so if they believe they have evidence which will back up a chargeback claim so it will be successful. This service expects card issuers to help if they can, but we don't expect them to raise a chargeback if there is little prospect of success.

I've looked at the available information to see whether Chase acted fairly and reasonably in its handling of the chargeback.

When the merchant challenged the chargeback, it said that the condition of the car was disclosed at the time of sale and that the car was sold as seen. It provided the sales invoice and pre delivery inspection report. It also said that Miss T had issued court proceedings in relation to the quality of the car.

Chase advised Miss T that it was unable to pursue the dispute further because the vehicle had been sold as seen. I don't think Chase treated Miss T fairly when it did this. The term "sold as seen" generally means that goods are sold in their existing condition and no representations are given as to quality. However, there is legislation relevant to the circumstances of Miss T's purchase of the car which implies a requirement that goods must be of satisfactory quality when supplied.

Miss T had provided a large amount of evidence to Chase to show that the car had faults which she'd had to repair. The faults had occurred within the first 6 months of Miss T getting the car, so under the relevant legislation there was a presumption that the faults were present at the point of sale. I don't think the merchant provided enough evidence to rebut this presumption.

Based on what I've seen, I think Chase overlooked these considerations. Chase readily accepted the merchants challenge, in circumstances where the evidence provided by Miss T and the relevant law means that the chargeback should've been progressed further rather than being closed.

For these reasons, I think Chase could've done more to progress the chargeback. I don't agree with Chase when they say they closed the chargeback because the merchant made the decision to refund Miss T directly. The refund didn't happen until later and may well have been prompted by the court proceedings that the merchant had told Chase about.

I've considered the length of time that the chargeback dispute was open. This is one of the aspects that Miss T has raised in her complaint. I can see from the information provided that Miss T first contacted Chase about a chargeback in November 2022. I can't see that a chargeback was raised at this time, although I can see that Chase asked Miss T to provide information about the car. It isn't clear to me from the information provided why the chargeback wasn't raised until January 2023. I haven't seen anything to explain why there was a delay.

I've also taken into account that Chase provided incorrect information to Miss T. I appreciate that Chase has already offered compensation of £40 for customer service issues but I don't think this fairly reflects the impact that these service issues had on Miss T. I've reviewed the details of the contact that Chase had with Miss T (as provided by Chase in its Investigation Summary) and there are several instances where Miss T was given conflicting or confusing advice. On one occasion I can see that Chase advised Miss T that because the merchant had challenged the dispute, she should consider amending the chargeback dispute amount to £1125.49 for the repairs. This advice was misleading and contradicted what Chase had advised Miss T previously (in November 2022) which was that she couldn't raise a chargeback in relation to the repairs.

Taking everything into account, I'm persuaded that Chase should have done more to pursue the chargeback. I'm also of the view that the compensation offered for service issues isn't sufficient.

### **Putting things right**

To put things right, J P Morgan Europe Limited trading as Chase must pay further compensation of £100 to Miss T in addition to the £40 already offered.

### **My final decision**

My final decision is that I uphold the complaint. J P Morgan Europe Limited trading as Chase must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 1 February 2024.

Emma Davy  
**Ombudsman**