

The complaint

Mrs C and Mrs K complain that Clydesdale Bank Plc won't refund a payment of £3,355 Mrs K made on her debit card from their joint account for a funeral plan.

What happened

In April 2019 Mrs K used her debit card to pay for funeral plan for herself. In March 2022 the funeral company she had purchased her plan from were placed into administration. Mrs C contacted Clydesdale to raise a chargeback on 6 April 2022.

Mrs C was advised by Clydesdale that they couldn't raise a chargeback for her as she was out of time for them to raise a claim as this needed to be done within 540 days. They said that they had to follow the rules, regulations and timescales set by her card provider Mastercard, and as 1,099 days had passed since the date of the transaction she didn't have any chargeback rights, so they couldn't raise a dispute for her.

Mrs K raised a complaint about Clydesdale not raising a chargeback and about the level of service she'd received when trying to log her complaint. She told them she'd spent hours on the phone being passed to different departments, only for calls to then be disconnected.

Clydesdale upheld Mrs K's complaint about the level of service she'd received and made a payment of £75 for the distress and inconvenience this had caused. But they didn't uphold her complaint about their failure to raise a chargeback as this hadn't been raised until April 2022, which was outside the timeframe set by Mastercard in their chargeback rules.

When Mrs K raised her complaint she said she'd contacted Clydesdale within the timescale they'd given her. In their final response letter Clydesdale said they'd carried out a full search for any calls from 2019 to date, using her details and those of the joint account holder, but didn't find any record that either she or Mrs C had contacted them. And their disputes team also carried out a search and found no record of a dispute being raised before April 2022. So they maintained that they were correct when they told her it was too late to raise a chargeback.

Mrs C and Mrs K weren't happy with the response received from Clydesdale and complained to us. Our investigator considered the case and asked Clydesdale to provide the relevant chargeback scheme rules they'd relied on when saying the chargeback had been raised too late, and why they were saying the chargeback had been made out of time, when the service Mrs K had paid for hadn't been provided.

Clydesdale provided a copy of the relevant chargeback rules. They also said that the 120-day rule applies to the service date, not the transaction date. So in this case the 120 days started from when Mrs C and Mrs K became aware that the service, the funeral plan, wouldn't be provided, as the company it was purchased from had gone into administration. But there was also a 540-day cut-off date from the transaction date, regardless of when the service was to be provided. And Mrs C and Mrs K's chargeback claim was definitely out of time based on the 540-day rule.

Our investigator considered all the information the parties had provided but didn't uphold the complaint. She said chargeback is a voluntary scheme and the rules are written by the card provider. So Clydesdale had no choice but to apply the rules as they are written.

The scheme rules provide an absolute cut off of 540 days after the initial transaction date for the chargeback to be made. And any chargeback request made after this timescale won't succeed.

In this case the 540 days started when the funeral plan was purchased in April 2019. And when the chargeback request was made in April 2022 this was too late to be considered. As Clydesdale had considered the chargeback request in line with the Mastercard scheme rules our investigator said they hadn't done anything wrong, so she didn't ask them to do anything.

Mrs C and Mrs K responded to our investigator's opinion saying they'd been told that in exceptional circumstances the 540-day period for bring a chargeback claim could be extended.

Our investigator wrote to them on 26 July 2023 explaining that there was nothing further Clydesdale could do in this case as they'd applied the relevant chargeback scheme rules correctly.

Mrs C and Mrs K weren't happy with our investigator's opinion so the case has now come to me for a 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.

Chargeback is not a legal right and there's no requirement for Clydesdale to present a chargeback. And I don't think it's unreasonable not to pursue a chargeback where there's no prospect of success. The chargeback rules are set out by the particular card scheme – in this case Mastercard. And Clydesdale had no choice but to apply the scheme rules.

Timescales for submitting a chargeback are quite strict. Where the goods or services do not have a specified delivery date and have not been provided, Mastercard allow 120 days from the date of the transaction, or 120 days from the date on which the consumer knew there was a problem with a service that has yet to be provided.

In this case Mrs C and Mrs K first knew the funeral plan wouldn't be provided in March 2022, when they received notification that the business providing the plan had gone into administration. And they contacted Clydesdale on 6 April 2022, so this was within the 120 days the rules provide for.

But the scheme rules also provide a maximum of 540 days from the date of the transaction for a chargeback to be raised. And the 540 days is calculated from the date of the transaction. In this case that is when the funeral plan was purchased in April 2019.

When Mrs C and Mrs K contacted Clydesdale to raise a chargeback on 6 April 2022 they were told the time limit of 540 days had passed, so a chargeback couldn't be raised. And as Clydesdale have to follow the scheme rules, while I have every sympathy for Mrs C and Mrs K and the situation they find themselves in, I don't think Clydesdale did anything wrong. The chargeback claim was out of time and Mrs C and Mrs K were given the correct advice about this.

And the chargeback rules don't include any provision for the timescales to be extended in exceptional circumstances, so this isn't something I can ask Clydesdale to consider.

I've considered the level of service Clydesdale provided. They've acknowledged that this fell short of what they'd expect and I think the compensation of £75 they've offered is appropriate. So I won't be asking them to do anything more

My final decision

For the reasons set out above my final decision is that I don't uphold Mrs C and Mrs K's complaint about Clydesdale Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mrs K to accept or reject my decision before 8 January 2024.

Patricia O'Leary
Ombudsman