

## **The complaint**

Mr P complains that a chargeback he raised with HSBC UK Bank Plc wasn't successful. He says he never received the goods that he ordered and paid for.

## **What happened**

Mr P complains about a transaction he made using his HSBC VISA debit card. He says he placed an order for goods with a value of £1,401.44, but his purchases never arrived. He says HSBC initially refunded him his money, but that ultimately it didn't uphold his complaint. He wants HSBC to uphold his complaint, refund him his money and apologise for the service he's received.

HSBC rejected Mr P's complaint; it said it had sought a refund for Mr P using the VISA chargeback scheme and that it followed the process correctly. It confirmed it had refunded Mr P the disputed amount immediately, on a temporary basis, so that he wasn't out of pocket while the matter was investigated.

HSBC says the merchant defended the chargeback and provided evidence to support its position. The bank says it then re-debited the disputed amount - £1,401.44 – to Mr P's bank account.

Our investigator looked at this complaint and said he didn't think it should be upheld. He explained how the chargeback scheme operates and said that in this particular case, HSBC had to follow the rules set out by VISA – it was a VISA debit card issued by HSBC that had been used to make these purchases. And taking everything into account, he was satisfied that HSBC had followed the rules set out by VISA, and that it had treated Mr P fairly.

Mr P disagree so the complaint comes to me to decide.

## **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.

In deciding this complaint, I'm only considering the actions of HSBC and how it handled Mr P's request that it raise a chargeback on his behalf. I'm not looking at the actions of either the merchant from whom Mr P ordered the goods, and I'm not investigating the firm that was responsible for the shipping and delivery of them.

Having considered everything very carefully, I have to tell Mr P that I'm not going to uphold his complaint, and I'll explain why.

A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant card scheme rules. It allows customers to ask for a transaction to be refunded in a number of situations, some common examples being where goods or services aren't provided, where goods or services are defective, or where goods or services aren't as described. In this particular case, an appropriate reason might be that Mr P didn't receive the goods that he paid for.

There's no automatic right to a chargeback; the chargeback process doesn't give consumers legal rights; and chargeback is not a guaranteed method of getting a refund because chargebacks may be defended by merchants. This is because the rules, set out by the card scheme lay down strict conditions which must be satisfied for a chargeback claim to succeed. If a financial business thinks that a claim won't be successful, it doesn't have to raise a chargeback. But where there's a reasonable chance of success, I'd expect a financial business to raise a chargeback.

It's important to note that chargebacks are decided based on the card scheme's rules – in this case VISA's – and not the relative merits of the cardholder/merchant dispute. So, it's not for HSBC – or me – to make a finding about the merits of Mr P's dispute with the merchant, or whether or not the chargeback rules are fair. HSBC's role is to raise the appropriate chargeback and consider whether any filed defence by the merchant complies with the relevant chargeback rules.

And from what I've seen, that's what HSBC did here. It raised a chargeback quickly, just a few days after Mr P lodged his dispute with it. But the merchant's response suggested that it didn't agree this was a valid claim; it said there were no chargeback rights as it was satisfied that Mr P had actually received the goods he'd ordered and paid for, and it provided HSBC with evidence from the third party responsible for the shipping and delivery of them to show that Mr P had collected the items from its depot having passed the relevant identity checks. So, the merchant's defence was enough to mean the chargeback didn't succeed.

Where the merchant challenges a chargeback, a bank doesn't have to carry out a detailed investigation into what actually happened to decide which party deserves the money.

Taking everything into account, there's nothing I've seen that suggests Mr P's claim was likely to succeed; the merchant's defence meant the chargeback didn't succeed. And I'm persuaded that HSBC took the claim as far as it reasonably could've done given the merchant's defence. So, in view of this, there's nothing more that I would've expected HSBC to do.

I know that Mr P will be disappointed with the outcome of his complaint, but I hope he understands why I've concluded that HSBC doesn't need to do anything more.

## **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 P to accept or reject my decision before 23 May 2024.

Andrew Macnamara  
**Ombudsman**