

## **The complaint**

Mr L complains about Santander UK Plc's decision to not give him a refund in respect of a hotel booking he made which had to be cancelled.

## **What happened**

In January 2020 Mr L booked accommodation with a supplier I'll call T. He paid £220.96 using his Santander debit card. Mr L was due to use the accommodation in July 2020.

Mr L said that due to the Covid-19 pandemic he was unable to go ahead with the booking as planned. He said T issued him with a credit note to be used on a future booking. The credit note had an expiry date of 31 December 2021.

Mr L said the credit note expired before he was able to use it as he has long term health issues and felt he couldn't book within the time he was given on the credit note. Mr L said he tried to book new accommodation with T after the credit note had expired but it wouldn't let him use it.

Mr L asked Santander to help him get his money back.

Santander said that the process it could have used to get Mr L's money back from T (known as chargeback) had rules set by the relevant card scheme which it had to follow. It said those rules set out time limits within which a chargeback could be raised and one of those limits was 540 days from the date Mr L paid T. It said Mr L didn't contact it about his dispute until after this time expired. So, it didn't think it could have recovered Mr L's money through the chargeback process and told him it couldn't help.

Dissatisfied, Mr L referred his complaint to this service.

An investigator didn't think Santander had treated Mr L unfairly. She said the time limit provisions in the card scheme rules did indeed mean that a chargeback would not likely have succeeded, so she didn't think Santander had acted unreasonably by not raising one.

Mr L disagreed with the investigator and asked an ombudsman to review his complaint.

## **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.

The Covid-19 pandemic brought with it many issues relating to travel which could not go ahead as planned, with lots of trips being cancelled.

But the right to a refund when a holiday or flight hasn't happened as expected because of Covid-19 isn't automatic. It is dependent on the individual circumstances of each case and the legal position, which can be complicated.

Here, I am looking at the actions of Santander and whether it has acted fairly and reasonably

in the way it handled Mr L's request for help in getting his money back. This will take into account the circumstances of the failed trip and how the supplier has acted, but there are also other considerations, such as the relevant card scheme rules a bank has to follow and its own obligations.

Mr L paid for the accommodation using his Santander debit card. Realistically this meant the only way he could have got his money back through Santander in this case was through the chargeback process.

In certain circumstances the chargeback process provides a way for a bank to ask for a payment Mr L made to be refunded. Where applicable, the bank raises a dispute with the supplier and effectively asks for the payment to be returned to the customer. While it is good practice for a bank to attempt a chargeback where the right exists and there is some prospect of success, the circumstances of a dispute means it won't always be appropriate for the bank to raise a chargeback. There are grounds or dispute conditions set by the relevant card scheme and if these are not met a chargeback is unlikely to succeed.

When a chargeback is raised, the scheme allows a given period of time - usually around a month - for the supplier to reply to say whether or not they agree to the refund. And when a supplier does defend a chargeback, this can lead to further representations by the cardholder's bank, if it considers the supplier has raised a weak or invalid defence. The process then allows for further representations to be made if the parties still not agree, and for the card scheme to decide who gets to keep the money.

This means for me to conclude Santander did something wrong in Mr L's case, and should do something to put things right, I think I'd need to find that it didn't raise a chargeback in circumstances when it should have. This could be, for example, because Mr L's dispute looked to have fit within the card scheme rules. Also, I'd need to find that Mr L lost out as a result, for example, because it's likely the chargeback would have been successful and he would have recovered his money.

As the investigator explained, the relevant rules for the kind of dispute Mr L was raising set out that a chargeback had to be raised within 120 days of the last date he expected to receive the service from T, provided this did not exceed 540 days from the date he paid it.

Even if I were to take the date the credit note expired on 31 December 2021 as the last date Mr L might have expected to receive a service from T (which isn't necessarily how the card scheme might have viewed it), he didn't get in touch with Santander until November 2022. So, the chargeback wouldn't have been initiated until later than 120 days after this. And irrespective of this, it was also later than 540 days from when he paid T in January 2020.

Santander could have attempted to raise a chargeback still, but it was very unlikely to have succeeded. It's likely it would have been defended by T or its bank on the basis Mr L had not complied with the necessary conditions for the dispute he was raising (i.e. he hadn't met the necessary conditions about time limits).

The investigator also pointed out additional guidance to the rules (produced by the card scheme to assist with Covid-19 related disputes) which set out that time limits were not being extended for Covid-19 related disputes. So, regardless of what happened in respect of the credit note Mr L was given, he still had to have initiated a chargeback within 540 days of when he paid T.

I know Mr L finds this unfair and I do sympathise with him. But Santander did not set the chargeback rules, the card scheme did, and Santander could only get Mr L's money back if his dispute fit within those rules. Unfortunately for Mr L, in this case it didn't.

On this basis, Santander didn't treat Mr L unfairly by not raising a chargeback. And as there were no other ways it could realistically have recovered the money he paid to T, I don't think it treated him unfairly by not giving his money back either.

### **My final decision**

For the reasons I have explained, I do not uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 20 October 2023.

Michael Ball  
**Ombudsman**