

The complaint

Mr C is unhappy with how Starling Bank Limited ('Starling') dealt with a dispute he raised with it about transactions made on his debit card.

What happened

Mr C contacted Starling about some transactions debited to his account by a car hire business ('the supplier'). He told Starling he didn't recognise these and didn't agree to them. He said he had previously frozen his card so they should not have gone through and left him with an overdrawn account.

Starling pointed out that Mr C had previously used the supplier and before it considered raising a chargeback asked him to contact it to get some more information about the nature of the transactions in dispute.

Mr C didn't agree to go back to the supplier and raised a complaint with Starling which it didn't uphold.

The complaint came to this service. Our investigator didn't uphold it. In summary, she thought Starling had not acted unfairly in the way it handled the dispute.

Mr C has asked for the matter to be looked at again so it has been passed to me as ombudsman to make a final 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.

I won't be commenting on everything here – only the matters I consider to be central to the complaint. This isn't intended to be a discourtesy to either party – but reflects my role in resolving disputes informally.

Chargeback is a way that Starling can dispute debit card transactions on behalf of Mr C. However, it isn't guaranteed to succeed and is limited by the particular card scheme rules (Mastercard in this instance).

It is often good practice to attempt a chargeback. However, in some cases it won't be, for example where there isn't a reasonable prospect of success.

I have considered the relevant Mastercard chargeback rules here. And from what Mr C told Starling, it appears the most appropriate chargeback reason would be one relating to a lack of cardholder authorisation for a transaction. However, in order to raise such a dispute under the chargeback rules there must be supporting information which provides sufficient detail to enable all parties to understand the nature of the dispute. In this case I don't think that was the case. And I don't think in the particular circumstances it was unreasonable for Starling to seek clarification from Mr C before it proceeded any further.

I say this primarily because:

- Mr C had a pre-existing relationship with the supplier and had paid for what appeared to be car rental prior to and proximate in time to the follow up transactions he was now disputing (Mr C confirmed he had used the supplier before);
- the nature of the supplier's business agreement with Mr C (likely for car hire) could plausibly involve pre-authorised follow up charges such as fines or damage charges;
- it would not have been onerous or unfair to expect Mr C to have sought clarification from the supplier as to whether these latest charges were related to an agreement he had with it – this might have even resolved the matter without the need for further involvement from Starling; and
- Starling has explained that certain pre-authorised arrangements can mean a payment will go through - even if a card is frozen.

Mr C refused to go back to the supplier at all here which would have furnished Starling with further clarification. So I think Starling not raising a chargeback was not unreasonable here - I don't think any chargeback had a reasonable prospect of success based on the facts as they stood.

For similar reasons to those already covered – I don't think Starling was unreasonable in not immediately treating the transaction as unauthorised and refunding Mr C for it either. The transactions in dispute appeared to be connected to a pre-existing relationship – so Starling was not acting unfairly in asking the questions it did and waiting for more information before it did anything else from a potential fraud perspective here.

I am sorry to hear Mr C is unhappy with Starling and that he became overdrawn in his account. However, overall I don't think Starling handled this matter poorly. It appeared to be willing to help him (and also offered to cancel his card) but he did not appear to want to engage with its reasonable requests for further information. So I don't think Starling needs to do anything more here or pay Mr C compensation.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 25 August 2023.

Mark Lancod
Ombudsman