

The complaint

Mr Y complains that TSB Bank plc (“TSB”) re-debited a payment taken from his debit card and won’t now refund this.

What happened

In November 2022, Mr Y signed up for a one-month free trial for a premium subscription service with a company I’ll call ‘L’. In December 2022, L took £839.88 from Mr Y’s bank account using the debit card details he’d given to them.

Mr Y contacted TSB as he wasn’t happy that the money had been debited. TSB raised a chargeback. In doing so, they re-credited Mr Y’s account with the amount L had taken. TSB received a defence to the chargeback and re-debited the money from Mr Y’s account in March 2023.

Mr Y complained to TSB but they didn’t uphold his complaint. Our investigator looked into what had happened and felt that TSB had acted fairly. Mr Y didn’t agree and so his complaint has been passed 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.

I will be looking at whether TSB did anything wrong in the way they handled the chargeback claim.

A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant card scheme rules. What this means here is that TSB can in some circumstances ask for a transaction to be reversed if there’s a problem with the goods or services supplied by the merchant that the consumer paid for. But the chargeback process doesn’t give the consumer legal rights and it isn’t guaranteed to result in a refund. It all depends on what the merchant says in response to the request the bank submits.

There first must be a right to apply for a chargeback under the card scheme rules. And I’d consider it to be good practice for TSB to raise a chargeback if it has a good chance of being successful. It’s important to note that chargebacks are decided based on the card scheme’s rules, not the relative merits of a cardholder/merchant dispute.

So, it’s not for TSB – or me – to decide whether Mr Y should be allowed to reclaim the money he paid to L. TSB should raise the appropriate chargeback and consider whether any filed defence complies with the relevant chargeback rules. From what I’ve seen, that’s what TSB likely did in respect of the claim. I’ll explain why.

TSB raised a chargeback based on what Mr Y told them about the transaction. I've seen a copy of the form that Mr Y signed which declared that the transaction was fraudulent. That is the basis on which the chargeback was then raised by TSB.

L defended the chargeback on the basis that Mr Y had signed up for the one-month trial for their premium subscription service and hadn't cancelled the recurring payment before it was due. L also said Mr Y had been notified about the expiration of the free trial and that he would be charged if it wasn't cancelled, but he failed to do this. And L sent evidence that they said showed that Mr Y's profile with L matched the name on the receipt for payment.

Where the merchant challenges a chargeback, as happened here, a bank doesn't have to carry out a detailed investigation into what actually happened to decide which party deserves the money. In fact, most banks won't take a chargeback any further if it's defended. In this case, TSB decided not to take the dispute any further because they didn't think it had a reasonable prospect of succeeding. Mr Y had raised this as fraud, and L provided evidence that he did sign up for the trial and hadn't cancelled the recurring payment in time. I can't say that TSB made any mistake or acted incorrectly by making that decision.

I note since then Mr Y has said that he couldn't access L's premium service. That is though a different argument to the one he made to TSB initially and I've not seen that he said that to TSB after the chargeback was defended. But even if Mr Y did say this to TSB, there doesn't appear to be much evidence that Mr Y sought to raise this with L or that there was no possibility they couldn't have taken steps to help him access this as he required. So, I'm not convinced TSB had suitable evidence in which to take matters any further.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 8 December 2023.

Daniel Picken
Ombudsman