

The complaint

Ms F complains about the way in which Tesco Personal Finance PLC trading as Tesco Bank handled her disputed transaction claim.

What happened

Ms F asked an upholstery firm to clean her sofa. The merchant removed some of the dirt and told Ms F that no more dirt could be removed, and that the sofa couldn't be restored to its original colour. Ms F paid the merchant £145 using her Tesco credit card.

Some time afterwards Ms F spilt pollen on the sofa. She contacted another merchant to clean the sofa. Whilst removing the pollen stain, the merchant managed to restore the sofa to its original colour and removed all the dirt that the first merchant had told Ms F couldn't be removed.

Ms F contacted the first merchant but was unable to get a resolution. She then contacted Tesco to raise a disputed transaction claim. Tesco rejected the claim.

Ms F was unhappy with the outcome and brought her complaint to this service.

Our investigator upheld the complaint. He said that although Tesco had concluded that there were no chargeback rights, he felt that a chargeback claim could've been made using the code for "defective or not as described services". The investigator said he thought an expert report would've given the chargeback claim a reasonable prospect of success. The investigator also said that he thought Tesco had enough evidence to verify the transaction for the purposes of a section 75 claim.

Tesco didn't agree. In relation to chargeback, it said that in order to proceed under "not as described or defective" it was necessary to show that the merchant didn't provide the service or provided a faulty service. Tesco said the evidence provided by Ms F didn't support this. In relation to section 75, Tesco said that without an invoice it couldn't determine a debtor-creditor-supplier link.

I issued a provisional decision in which I explained why I thought Tesco should have allowed a chargeback. I said that the relevant chargeback code was "services not as described or defective" and found that the photos supplied by Ms F made it clear that the first merchant had provided an inferior service as compared to the second merchant. I said that the description of services as advertised by the first merchant stated that its cleaning would "break down, encapsulate and remove years of dirt and oils" and said that it was clear from the photos that the service had fallen short of this and could therefore be said to be defective and not as described.

I said I was persuaded that the evidence provided by Ms F was sufficient to support a chargeback claim, but that if Tesco weren't persuaded by that evidence, it could have asked Ms F to obtain an expert report, because the relevant scheme rules allow for this.

I concluded that Ms F had provided enough evidence to support a chargeback claim and

found that Tesco had acted unreasonably when it declined the chargeback.

I invited both parties to let me have any further evidence or arguments they wished to raise.

Ms F accepted my provisional decision. Tesco didn't respond.

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.

Ms F has accepted my provisional decision and Tesco hasn't responded. In the circumstances I see no reason to reach a different conclusion to that which is set out in my provisional decision.

Putting things right

To put things right, Tesco Personal Finance PLC trading as Tesco Bank must refund the sum paid to the first merchant of £145.

My final decision

My final decision is that I uphold the complaint. Tesco Personal Finance PLC trading as Tesco Bank must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before 8 February 2024.

Emma Davy
Ombudsman