

The complaint

Mr L complains that Klarna Bank AB (publ) hasn't refunded a payment he made using his Klarna card.

What happened

In January 2023, Mr L bought a rubber plant through an online retailer (who I'll refer to as "P"). He paid £69.99 for the plant and a further £7.99 for express next-day delivery as it was to be delivered to someone else as a gift. He paid using his Klarna card.

The plant did not arrive with the recipient for several days. Mr L complained to P and asked for a refund of the delivery fee. P refused, so Mr L approached Klarna for help in obtaining a refund. He said that the rubber plant that was delivered was also the wrong size.

Klarna asked Mr L to send in evidence to support his dispute with P, but after reviewing it Klarna said it couldn't assist Mr L with a refund. It said the dispute was between him and the retailer.

Our investigator didn't recommend the complaint be upheld. She said Mr L hadn't provided sufficient evidence to show that the plant he ordered wasn't as described. For this reason, she didn't think Klarna had acted unfairly in not pursuing a chargeback further.

Mr L didn't agree, so the 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.

Mr L made a payment to P using his Klarna card. I've therefore thought about whether Klarna acted fairly and reasonably in its attempts to assist him with his dispute and claim for a refund.

A chargeback is a way in which payment settlement disputes are resolved between card issuers (such as Klarna) and merchants (such as P). The chargeback process is operated by the relevant card scheme. In certain situations, such as where goods aren't as described, the scheme provides a way for Klarna to ask for a refund of a payment Mr L made. However, there are strict criteria that apply to any chargeback request and if these aren't adhered to, the chargeback will fail.

Klarna isn't obliged to process a chargeback, but I would consider it good practice for it to do so where the right exists and where there was a reasonable prospect of success. It isn't clear from what Klarna has provided as to whether it attempted a chargeback, but the suggestion is that it didn't.

Mr L's initial dispute was about the delivery charge – as he was not given the next-day delivery that was promised. He then added that the plant that was delivered was smaller

than what he had paid for. These are things that Klarna could have – in theory – attempted a chargeback for to try and recover the payment Mr L made.

I'm mindful that the chargeback scheme rules for a dispute about goods not being as described have a set of requirements that need to be evidenced in order for the chargeback to be initiated. They set out that before Klarna can initiate a chargeback it needs to provide evidence that Mr L tried to resolve the dispute with the merchant and was unsuccessful. And, evidence that Mr L returned the goods he is disputing, or evidence that he attempted to return the goods and the merchant didn't accept the return. Further, it would need to provide evidence that the goods were not as described.

I don't think Mr L has provided sufficient evidence that the plant is the incorrect size. While he has provided a picture, this does not have any measurements next to it. Although he says the wall socket in the background of the photo gives sufficient scale, I'm not persuaded that would have been sufficient for a successful chargeback. The photograph has been taken at an angle looking down at the plant, so scale is harder to gauge. But even if it wasn't, this on its own wouldn't be enough in any event.

I say this because Mr L provided copies of emails he sent to P disputing the delivery charge, but nothing to show he had asked for a refund from P because the plant was the wrong size. I've seen one email Mr L sent dated 31 January 2023 to P in which he said: *"I will take this up with my card issuer"* in relation to the delivery charges. Prior to this, there was no mention of the size of the plant. His next email to P was dated 6 April 2023 and said:

"Still not heard back on this and it has been months. The plant received is only 70cm and not as described in your website."

We've asked Mr L to provide copies of any other correspondence he had with P concerning the size of the plant, but this is the only email he says he sent. This was because he said P stopped corresponding with him. But it seems to me the reason P stopped corresponding with him in January is because he told them he would take up the matter with his card issuer and P had already indicated its final position on the refund of the delivery charge.

It doesn't appear that Mr L has ever asked P for a refund or a replacement of the plant. While he did state the plant that was received was a different size, he did not ask P to put things right for him. Therefore, when Klarna asked Mr L to approach P to resolve the matter before it could get involved, I don't think it acted unfairly or unreasonably. This is because with what Mr L had provided and done so far, a chargeback would have had no reasonable prospect of success.

Regarding the delivery aspect of Mr L's dispute, for a chargeback to be initiated on that part Mr L simply had to evidence he had cancelled the service and asked for a refund. I'm satisfied he did do this. However, the scheme rules set out a minimum chargeback amount that can be disputed for these types of disputes. The delivery charge of £7.99 was below that minimum threshold, so even if Klarna had disputed the full delivery charge it would have had no prospect of success.

Taking everything into consideration, while I accept Mr L didn't get the delivery service he paid for and it's possible the plant was the wrong size, I don't think Klarna acted unfairly or unreasonably in not pursuing a chargeback further.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 2 May 2024.

Tero Hiltunen
Ombudsman