

The complaint

Mr B complains that National Westminster Bank Plc refused to refund unauthorised transactions under the chargeback scheme.

What happened

Mr B made payments to a gambling site he found online. Once he checked his bank statement, he noticed unauthorised payments had been taken from his account. So, he raised this with Nat West.

Nat West initially told Mr B they had no dispute rights against gambling payments. When Mr B complained, Nat West admitted this information was incorrect. They offered Mr B £25 for the misinformation. Nat West went on to explain that they can't help Mr B with the disputed payments – and that's because the gambling site in question didn't hold a regulatory licence and therefore, they couldn't raise a chargeback claim.

Unhappy with their response, Mr B brought the complaint to our service. Mr B provided details from the Gambling Commission which confirmed the gambling site in question didn't hold a licence to operate in the UK.

Our investigator didn't uphold Mr B's complaint. In summary he said Mr B authorised the transactions and he didn't think the payments would have flagged with Nat West as unusual, so he was satisfied Nat West allowed them to be made. He also explained that he thought it would be unlikely for a chargeback claim to succeed because Mr B paid for a service and received it.

Mr B didn't agree. He provided screenshots of the payments to show they were taken in a different currency to pound sterling, and the extra amounts which were taken in addition to the payments he did authorise. The investigator explained that as the gambling site was based outside of the UK, it's most likely that the additional payments were for a currency fee.

Mr B remained unhappy. As an agreement couldn't be reached, the complaint has been passed to me to decide.

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.

Having done so, I don't think the complaint should be upheld. I know this will come as a great disappointment to Mr B so I've explained my reasons further below.

There's no dispute Mr B paid money to an overseas gambling site. I appreciate Mr B says he didn't know the gambling site was based overseas, but I can't fairly hold Nat West responsible for that. Mr B has admitted he authorised the transactions, so I consider it reasonable Nat West allowed them to be processed.

What is in dispute is the additional fees which have been charged to Mr B's account – it's these he says he didn't authorise. It appears these fees are currency fees as the money

Mr B paid to the gambling site wasn't in pounds sterling. Mr B said he wasn't aware the money he was spending wasn't in pounds sterling. I've been able to review the website in question and considered the information shown at the time Mr B was making the transactions. I've seen a screen which allowed a currency choice to be made – so I can understand why Mr B thought he was using pounds sterling if this was the option he chose. However, the website also explains that the customer – in this case, Mr B – would be transferred to a crypto exchange to buy cryptocurrencies. Nonetheless, I'm considering Nat West's actions here and whether they did enough to help Mr B once he raised a dispute. So, I'm not able to comment on the particulars of the website Mr B found himself using.

Mr B asked Nat West to use the chargeback scheme to see whether he could get his money back. Nat West initially told Mr B they had no dispute rights against gambling payments. As Nat West have since admitted, that information is incorrect. I think it's helpful to start by summarising what chargeback is and how it works. It's a process for resolving disputes between card issuers (here, Nat West) and merchants (the gambling site). The chargeback scheme is a voluntary code which banks can sign up to. It's run by the card scheme – not Nat West. And chargeback claims are processed and decided based on the card scheme's rules.

Customers aren't automatically entitled to a chargeback and Nat West don't have to attempt it just because a customer asks them to. But I'd expect them to try if there's good reason to do so. When considering a chargeback request, Nat West are bound by the rules of the card scheme. They aren't obliged to submit a claim if they don't think the case fits within the rules, or if they think the claim is unlikely to be successful. Each case depends on the individual circumstances. What I need to decide here is whether Nat West acted fairly and reasonably in relation to Mr B's chargeback requests.

The card scheme's rules contain numerous "reason codes", under which claims can be submitted. The reason code most suited to Mr B's scenario and the circumstances of this complaint would be "services not received". Like our investigator, I'm satisfied that Nat West's decision not to pursue the chargeback was reasonable. I'll explain why.

Each reason code has criteria which must be met in order for the claim to be accepted by the card scheme. These include details of the specific evidence which is required to support the claim. I've carefully about the "services not received" scenario. It's reasonable to suggest that Mr B did receive a service to some degree – Mr B's complaint is about extra money being taken rather than not being able to use the website at all. I wouldn't expect Nat West to pursue a claim which they knew to have little prospect of success. So, I think their decision not to take this further was reasonable.

I've considered the fact that Mr B says the website wasn't regulated and he's been able to prove that through his own investigations with the Gambling Commission. I fully appreciate Mr B's comments surrounding this, but there isn't a chargeback code which specifically covers this scenario, so Nat West couldn't have proceeded with a chargeback on that basis. I also don't think the payments as a whole could have been considered as fraud, because Mr B admits that he did authorise them himself. While there are elements to the payments which Mr B doesn't accept, it wouldn't have been necessary for Nat West to stop the transactions being made – because the correct authentication and authorisation was met.

I have a great deal of sympathy for Mr B and the situation in which he finds himself. But, I'm only looking at the way in which Nat West dealt with his chargeback request. And, based on the information I've seen, I'm satisfied that their decision not to attempt the chargeback was reasonable – and that's because it's unlikely it would have been successful based on the circumstances of what's happened here.

I realise this will be disappointing for Mr B. But, for the reasons above, I don't think

Nat West have done anything wrong here. So I can't fairly ask them to do anything.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 8 December 2021.

Hayley West
Ombudsman