

## **The complaint**

Mr and Mrs P are complaining that Nationwide hasn't refunded an amount that they paid for a coach holiday on their debit card.

## **What happened**

The facts of this complaint are well known to all parties, so I won't set them out in detail again. But, in summary Mr and Mrs P are complaining that Nationwide didn't process a chargeback claim they made for a coach holiday they booked through a third party travel provider – who I shall refer to as S. Nationwide said it asked Mr and Mrs P to provide information in support of their claim and it says they didn't provide it in time.

Our investigator upheld this complaint for two reasons. Firstly, she didn't think it was fair for Nationwide to have requested further information as she thought Mr and Mrs P had already provided sufficient information to process the chargeback when they first raised it. But, even if that wasn't the case, she thought they were still in time to raise the chargeback when Nationwide responded to the complaint to say Mr and Mrs P were out of time.

Nationwide didn't agree with the investigator. It said the chargeback wasn't raised because Mr and Mrs P didn't provide the information it required and they still hadn't provided it. It said the fault for the chargeback not being raised was down to Mr and Mrs P and it maintained it hadn't done anything wrong.

As Nationwide didn't agree with the investigator, the complaint's 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.

I've decided to uphold this complaint and I'll now explain why.

Mr and Mrs P contacted Nationwide to ask it to refund the deposit they'd paid (£260) towards the holiday S was supposed to provide – i.e. they asked to raise a chargeback request. Chargeback is a process by which a bank or credit card provider looks to resolve a settlement between a consumer and a merchant under the relevant card scheme. The rules that govern a chargeback are strict and are set by the individual card scheme provider – in this case VISA.

Ultimately I agree with the investigator here that I think Mr and Mrs P had already provided Nationwide with sufficient information to process the chargeback when they first raised the chargeback. Nationwide said they needed the following:

- a copy of the invoice, receipt, or email confirmation
- proof Mr and Mrs P had tried to resolve this with S

- proof that the service was cancelled, or that there had been an attempt to cancel it
- a copy of S's terms and conditions showing the cancellation policy

But VISA sets out the information that was required and, as I said, I don't think Nationwide needed further information as I'm satisfied Mr and Mrs P had already provided sufficient information. It's also important to highlight that Nationwide was required to take into account information readily available in the public domain.

The VISA rules don't set out that Nationwide needed an invoice or terms and conditions. Instead, it required *"a detailed description of the merchandise or services purchased"*. Nationwide's internal systems showed that the supplier was S, the booking destination and that it was to commence on 7 December 2020. Nationwide would have been aware at the time Mr and Mrs P raised the chargeback (20 June 2020) S had entered into administration on 22 May 2020 with all future holidays cancelled. So it was clearly set out in the public domain that S would not be providing the service. With this in mind, I don't think it was necessary or reasonable for Nationwide to have asked for evidence the service was cancelled.

I do agree that, where a business goes into administration, VISA says the consumer needed to first look to resolve the dispute with the relevant bonding authority – which in this case was ABTA. But ABTA's guidance at the time was *"customers that made payment directly to S using a credit card or debit card may be able to make a claim to their card issuer."* So ABTA was directing customers such as Mr and Mrs P to contact their card issuer – as Mr and Mrs P did. Ultimately, I'm satisfied that the information on Nationwide's internal systems was sufficient to raise a chargeback claim in line with VISA's rules. It follows, therefore, that I think it should have raised the chargeback in June 2020 and I think it's likely it would have been successful.

I do accept, however, that Mr and Mrs P have to take some responsibility for what's happened because they should have responded to Nationwide's information requests. But, I remain of the opinion that the underlying cause for the chargeback not being processed is because Nationwide asked for information it didn't need. But, irrespective of this, I think Nationwide was also incorrect when it told Mr and Mrs P in February 2021 that they were now too late to bring the claim. VISA's rules set out the timescales when a chargeback can be raised and this says that a claim can be raised *"no later than 120 calendar days from the last date that the Cardholder expected to receive the merchandise or services"*. The holiday was due to end on 11 December 2020, so I think Mr and Mrs P had until at least 10 April 2021 to raise the chargeback. So I think it was wrong for Nationwide to say it was too late. Had it not said as such, I think Mr and Mrs P would have then provided the information Nationwide said it needed and the chargeback would have succeeded.

In summary, I think Nationwide should have raised the chargeback claim when Mr and Mrs P first contacted it on 20 June 2020 and I think it's likely to have been successful. But, even if I'm wrong on this, it should have reiterated in February 2021 that it had asked for information and I think it's likely Mr and Mrs P would have provided this, at which point Nationwide could have then successfully raised the chargeback claim.

But, either way, I think Mr and Mrs P have lost out because of what went wrong. So I think Nationwide should refund the £260 Mr and Mrs P paid, plus 8% simple interest from 20 June 2020 until they get it back.

### **My final decision**

For the reasons I've set out above, it's my final decision that I uphold this complaint and I require Nationwide Building Society to refund the £260 Mr and Mrs P paid, plus 8% simple interest from 20 June 2020 until they get it back. If Nationwide thinks that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs P how much it's taken off. It should also give them a tax deduction certificate if they ask for one, so they can reclaim the tax if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs P to accept or reject my decision before 20 January 2023.

Guy Mitchell

**Ombudsman**