

## **The complaint**

Miss M complains that Nationwide Building Society (“Nationwide”) didn’t do enough to help her retrieve money she paid to a merchant for items she didn’t receive.

## **What happened**

Miss M is a customer of Nationwide. In August 2020, she purchased a fireplace and a TV corner unit for around £1,390 from a merchant and was told she should expect to receive the items within 4-6 weeks. At the time Miss M made the purchases, she was living at her family home. But she says she was purchasing items for a new home she was moving into.

Miss M says she contacted the merchant after around 8 weeks and was told the fireplace wasn’t in stock and to choose another one. She says she didn’t like the ones available, so asked for a refund. While she says the merchant agreed to giving a refund, they subsequently ignored her emails. So, she asked Nationwide for help to retrieve the money she paid.

Nationwide temporarily refunded Miss M while they investigated the chargeback claim Miss M put through.

Miss M says she was then contacted by the merchant to arrange delivery for the TV unit to be sent out to her, but she says she was away on a family emergency.

In early December 2020, Miss M says she received a letter from Nationwide and they explained they declined the chargeback claim following evidence the merchant has provided. So they debited Miss M’s account with the money they refunded her. This left her current account with Nationwide with a negative balance and in arrears.

Miss M, unhappy with Nationwide’s actions, referred her complaint to our service.

Miss M began to receive regular contact from Nationwide due to being overdrawn and in July 2021, Nationwide passed the account to a third party to collect the debt on their behalf.

Our investigator found that Nationwide hadn’t acted fairly and could have done more for Miss M. He explained that he thinks Nationwide didn’t explain the chargeback process clearly to Miss M and that they made an error by not taking the chargeback claim to arbitration. He also went on to explain the impact this mistake had on Miss M and told Nationwide to remove any adverse credit information that may have been reported and to pay Miss M £500 to recognise the distress and inconvenience that this has had on her.

Nationwide disagreed with the investigator’s findings. Among other things, they say, having looked at the merchant’s terms and conditions, Miss M would have agreed to an unknown delivery date. And so, this chargeback claim would have had little chance of success if it was taken to arbitration.

Miss M has recently told our service she still hasn’t received any items of furniture.

As Nationwide disagreed, the complaint was passed to me to decide on.

*I issued a provisional decision on 30 November 2022 where I explained why I intended to uphold Miss M's complaint. In that decision I said:*

*"A chargeback is a voluntary process run by a card scheme, in this instance, VISA. It is intended to resolve settlement disputes without the need to resort to a more formal resolution. Examples where a chargeback may be appropriate are where goods never arrived or the merchant never provided them, or where goods are faulty and not as described. Before a card issuer like Nationwide can initiate a chargeback, we'd generally expect to see that the cardholder has attempted to resolve matters with the merchant first.*

*I have seen correspondence between Miss M and the merchant. From the information provided, it's clear Miss M has attempted to resolve the issue with the merchant first. So, for the purpose of this chargeback claim, I am satisfied that Miss M has queried and raised with the merchant the issue of not receiving a full refund from them and attempted to resolve matters with them first.*

*A chargeback doesn't guarantee a refund. A card issuer, like Nationwide, will normally give its customer, like Miss M, a temporary refund. If the merchant accepts the chargeback or doesn't respond within a certain time period, the customer gets to keep the money. But the merchant can defend any chargeback claim. When that happens, most card issuers can choose whether to pursue it further through the chargeback scheme.*

*Nationwide has provided the call recording of the call Miss M initially made to them about retrieving her funds. I have listened to it and Nationwide hadn't clearly explained the chargeback process to Miss M. The process was briefly and swiftly explained at the end of the call and I don't think sufficient care was taken when Miss M was told that once she provides her evidence, that an investigation will take place. I don't think Nationwide clearly explained the refund she would receive would be temporary, should the merchant deny the claim.*

*Nationwide say that they have many available links on their website for members to read about chargeback claims. While that may be so, Miss M contacted Nationwide directly to enquire about retrieving her funds, and I think it is reasonable for her to rely on the information she was given during that call.*

*Nationwide didn't need to raise or pursue a chargeback if it's clear Miss M would have lost. For example if there is little or no evidence for Miss M to back up her claim. But I would consider it good practice for a chargeback to be attempted where the right exists and where there is a reasonable chance of recovery.*

*Nationwide could have asked the card scheme to decide who wins based on the chargeback rules. In this instance, the card scheme will look at both sides' submissions, and then decide. Nationwide say they didn't pursue the chargeback claim further because they believe there was little chance of recovery due to the evidence the merchant provided. They say that the terms and conditions of the merchant show the delivery period is only an estimate and as Miss M had agreed to an unknown delivery date, this would have made VISA rule in favour of the merchant, in their experience.*

*Having looked at evidence Miss M has provided, I think there was a reasonable chance the chargeback claim would have been successful. I say this because the terms and conditions Nationwide have referenced about delivery also say, "Delivery will normally take place within the timescales estimated on the order acknowledgement (and in any case within 28 working days)..."*

*Miss M hadn't received her items within this timeframe and has shown she had chased the merchant about it on several occasions, as well as about her refund. So I'm not satisfied Nationwide had done enough on this occasion and made an error by not pursuing with the chargeback claim.*

*Miss M has explained in detail the impact this mistake has caused her. She was unaware that the money could have been re-debited from her account, should the merchant defend the claim against it. Nationwide say they gave sufficient notice that her account would be re-debited. They say they did when they gave her 21 days' notice in the letter which explained her chargeback claim had failed. But as I explained above, I can't see that the chargeback process was clearly explained to Miss M in the first instance, when she first contacted them to retrieve the funds.*

*Miss M was in arrears as a result of the re-debit and Nationwide then pursued the money through a third-party to collect the debt on their behalf. She explained how she felt harassed as she was getting regular calls about the debt and found it unfair and distressing.*

*Miss M has also explained she was receiving employment support allowance benefits from the Department and Work Pensions. I can also see Nationwide was aware of this from call notes they have provided between them and Miss M. She has explained she was in need of this money to purchase new furniture for her new home, after fleeing an abusive relationship. As Nationwide were pursuing funds from her, she says she moved her source of income into her sister's account to avoid it being used to repay Nationwide. Miss M has explained that receiving this furniture was the start of a new chapter in her life.*

*I'm persuaded by what Miss M has said and I think Nationwide should compensate her for the distress and inconvenience caused.*

*For the reasons I've explained, I'm not satisfied that Nationwide did enough in this instance."*

I set out what I intended to instruct Nationwide to do to put things right. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

### Responses to the provisional decision

Miss M told our investigator she accepts my provisional decision.

Nationwide also respond and said they accepted my provisional 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.

As both Miss M and Nationwide accepted my provisional decision, I see no reason to depart from its conclusions.

### **Putting things right**

For the reasons I've explained, I'm not satisfied Nationwide did enough in this instance. So, it should:

1. Refund Miss M £1,391.

2. Pay simple interest of eight percent per annum on the refund in (1) from the date of the re-debit from Miss M's account to the date of settlement\*.
3. Pay Miss M £500 for the distress and inconvenience caused.
4. Remove any adverse information, if any, that may have been applied to Miss M's credit file in relation to this matter.

\*HM Revenue & Customs may require Nationwide to deduct tax from the interest it pays Miss M. If it does, and if Miss M requests it, Nationwide should provide her a certificate showing how much tax it has taken off so that she may reclaim it if appropriate.

### **My final decision**

My final decision is that I uphold this complaint and Nationwide Building Society should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 11 January 2023.

Ronesh Amin  
**Ombudsman**