

The complaint

Mr D complains about the service he received from Nationwide Building Society when he asked it to process a chargeback.

What happened

Mr D booked a family ski holiday in January 2020, and he used his Nationwide credit card to purchase lift passes to a value of £1,716.42. The holiday should've commenced on 14 March, but the day before, he was notified that the authorities had closed the piste because of the pandemic. The merchant offered to extend the lift passes to the end of the following season, but Mr D couldn't be certain that family commitments would make it possible to rearrange the holiday, so he contacted Nationwide to see whether he could seek reimbursement under the chargeback scheme. He told us:

- he first contacted Nationwide in early April 2020 to find out whether he'd be able to make a successful claim under the chargeback scheme;
- on 30 April he notified it of his claim and supplied the details and documentation it needed in order to progress his claim;
- it wasn't until January 2021 – some nine months later – that Nationwide refunded his money;
- in the interim he'd had to provide Nationwide with copies of the documentation on a number of occasions because it either mis-placed it; incorrectly closed down his claim, or simply re-requested that he send in the information he'd already provided;
- he experienced months of evasion, avoidance, dilatory administration and the most dismal performance;
- he raised a formal complaint with Nationwide and asked it to pay him nearly £900 compensation in recognition of the poor service he'd received;
- Nationwide acknowledged the poor service it had provided, but it only offered him £200 compensation – it said this was appropriate and in line with what it had paid in similar cases;
- he's asked Nationwide to provide him with a redacted example of a similar complaint to demonstrate that £200 is appropriate – but it's refused to do so;
- in light of the significant problems he's encountered and the manner in which Nationwide has behaved, it should pay him compensation totalling £1,000.

Nationwide confirmed it had upheld Mr D's original complaint and it apologised for the frustration Mr D had experienced and the service he'd received. It acknowledged that the service it had given Mr D was poor and wasn't of the standard that it would normally expect. And it offered him £200 to say sorry for the distress caused and the time taken.

Mr D rejected Nationwide's offer. He said his claim should've been resolved by June 2020 and he'd endured eight months of administration and worry as to whether his money would be returned. He says £200 is a paltry amount and he wants compensation equating to 50% of the value of the transaction being claimed.

Nationwide told us its operations were badly affected by the pandemic and that all categories of dispute were very seriously delayed, and it apologised for the inconvenience its customers experienced but said this had been outside its control. It admitted it had all the information it needed from Mr D by 24 June 2020, but that confusion over the different aspects of his claim resulted in it being, initially, incorrectly declined and then closed on more than one occasion. It confirmed the refund was applied to Mr D's account on 26 January 2021.

Our investigator looked at this complaint and said he thought the compensation offered by Nationwide was fair and in line with what this Service would expect to see in similar cases. He said that the service received from Nationwide should've been better, but he thought the proposed settlement was fair in the circumstances and he didn't think Nationwide needed to do anything more.

The investigator also acknowledged the impact the pandemic had had on Nationwide's operations and the operational challenges it faced during this period. And, taking all this into account, he thought the £200 compensation offered by Nationwide was fair and in line with what he would've recommended.

Mr D disagrees so the complaint comes to me to decide. Mr D says the substantial distress, upset and worry warrants £1,000 compensation.

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 considered everything very carefully, I've reached the same conclusion as our investigator.

In this particular complaint, I'm only looking at the delays and the associated level of service that Mr D received from Nationwide. This is because although Mr D paid for lift passes that he wasn't able to use, both parties have confirmed that the chargeback was ultimately successful, and the money was credited to Mr D's bank account in January 2021.

It might be helpful if I explain that in some cases, a bank may be able to request a refund from the supplier through the chargeback scheme. This is a way in which payment settlement disputes are resolved between card holders and suppliers/merchants. They are dealt with under the relevant card scheme rules and in this case that's Visa's. In certain circumstances the process provides a way for Nationwide to ask for a payment Mr D made to be refunded. Those circumstances include where goods or services aren't supplied by the company Mr D paid.

There's no obligation for a card issuer to raise a chargeback when a consumer asks for one. But I would consider it good practice for a chargeback to be attempted where the right exists and there is reasonable chance of success.

In this case, it appears that Mr D wasn't able to make use of the services he'd paid for – the piste had been closed because of the pandemic, and the lift passes he'd purchased were of no use to him or his family. And in normal circumstances, it would seem reasonable to expect Nationwide to raise a chargeback for him, as I'm satisfied that this scenario is one that is covered within Visa's chargeback rules.

It's not unusual for a chargeback to take some time to process. It can take time for a bank to gather the correct and necessary information needed to raise the claim, and the chargeback rules also require banks to give suppliers time – usually around a month - to respond to any

chargeback raised, in case they want to dispute it. But even so, in normal circumstances, I'd have expected Nationwide to have resolved this chargeback far sooner than it did.

Although it had all the relevant information by June 2020 at the very latest, it took a further seven months to process and resolve Mr D's claim. It made a number of mistakes in the intervening months; re-requesting information it already held and incorrectly closing down Mr D's case.

I don't doubt for a moment that this whole experience was worrying and stressful for Mr D. He'd booked a family holiday, which was cancelled at the very last minute, and although the merchant had offered to extend the lift passes to the end of the following season, this was of no practical benefit to Mr D and his family. So, from what he's told us, his experience would've caused him anxiety and worry considering the not insignificant sum involved.

But I can't hold Nationwide responsible for any of this and ultimately it was the merchant who caused the initial problems here as it didn't automatically refund Mr D his money back at the outset.

I also need to take into account that these weren't normal circumstances; it was an unprecedented and unusual time for the banks, when Mr D first contacted Nationwide, dealing with significant numbers of enquiries from consumers looking to get money back as the global pandemic unfolded. Many of these claims will have brought up issues which were relatively novel, and the banks were having to digest new information, rules and guidance at a very unusual time. And many firms faced operational challenges during this period.

I've noted that Nationwide has already offered Mr D £200 in recognition of the mistakes it made when he first contacted it and the poor service it provided over the following months. And although I would've expected Nationwide to identify vulnerable customers who may need more immediate support and help, from the information I have, I don't think Mr D fell into this category.

Mr D says the compensation he's been given isn't enough in view of the time it took and the fact he had to repeatedly send duplicate information to Nationwide. Although I understand the frustration this must've caused him, we don't usually make awards for a consumer's time or effort in dealing with a claim. This is because it's part of a consumer's responsibility when making a claim to pursue the issues to a conclusion.

And it's important for me to explain to Mr D that my role isn't to punish businesses for their performance or behaviour – that's the role of the regulator. My role is to look at problems that a consumer may have experienced and see if the business, in this case Nationwide, has done anything wrong. If it has, we seek to put the consumer back in the position they would've been in if the mistakes hadn't happened. And we may award compensation that we think is fair and reasonable.

In this particular case, I'm satisfied that Mr D experienced both delays and poor service in connection with his chargeback claim, so I'm going to require that Nationwide now pay the compensation it had previously offered. I think £200 compensation is fair and reasonable in all the circumstances of this complaint and I don't think Nationwide needs to do anything more.

Putting things right

I'm going to ask Nationwide Building Society to pay Mr D the compensation it offered him, if it hasn't already done so. That's the £200 in recognition of the poor service it provided. I think this is fair and reasonable in all the circumstances of this complaint and I don't think Nationwide Building Society needs to do anything more.

My final decision

My final decision is that I uphold this complaint and direct Nationwide Building Society to pay Mr D £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 6 March 2023.

Andrew Macnamara
Ombudsman