

The complaint

Mr A complains National Westminster Bank Plc has acted unfairly because it no longer allows him to benefit from “Mastercard protection” – i.e. the ability to raise a chargeback – when he makes purchases. He also complains National Westminster Bank Plc has accused him of making fraudulent transactions, isn’t making reasonable adjustments for him and has discriminated against him.

What happened

Mr A has a credit card issued by NatWest. He says he’s a vulnerable adult, is neurodiverse and has a number of physical disabilities and mental health issues. He’s had the help of a representative during this complaint.

NatWest says Mr A made more than five chargeback claims in February 2022. NatWest says because of this it restricted Mr A’s account when he made another chargeback claim in March 2022. NatWest says the number of chargeback claims Mr A was making “unreasonable use of the chargeback process”, was making “excessive” claims and that these “excessive” claims indicated potential fraud.

NatWest says Mr A attempted to make another chargeback claim in December 2022. NatWest emailed Mr A to say that it couldn’t refund this claim he’d as it could see he’d made multiple claims of this kind. NatWest also said that it had investigated his claim and had identified it as potentially fraudulent leaving it with no option other than to not process the claim and to monitor future conduct of his account. NatWest asked Mr A to consider the authenticity of any future claims before submitting them, remembering that false claims are considered as fraud and would be treated as such.

Mr A called NatWest to complain saying that what it was doing was wrong, that it couldn’t tell a customer they could no longer make chargeback claims because they’d raised lots of claims and that it had no right to accuse him of behaving fraudulently. He said that all of the claims he’d raised had been genuine – and successful. The agent to whom Mr A spoke said that there was nothing that could be done – he’d made excessive claims, had made “unreasonable use of the chargeback process” and a decision had been taken that NatWest wouldn’t consider any further claims from him. The agent added that this decision had been reviewed already so asking for a review wouldn’t make a difference.

Mr A was unhappy with NatWest saying it wouldn’t allow him to make any more chargeback claims and its accusations that he’d behaved fraudulently as well as the language it had used to scare him into not making any more claims. He complained to us pointing out that the merchant had subsequently agreed to a refund showing the claim he’d made in December 2022 was genuine. Following our involvement NatWest told us that it didn’t think it had acted unfairly as it had followed processes it has in place for when customers make “excessive” chargeback claims. In addition, NatWest told us that it would consider chargeback claims that Mr A makes, but that it would only do so if the claim is backed up by documentation.

One of our investigators looked into Mr A’s complaint and said that they didn’t think it was

unfair of NatWest to say that it would only consider chargeback claims that Mr A makes if they're backed up by documentation as he had, according to NatWest's processes for handling chargeback claims, made an "excessive" number of claims. Our investigator said that although NatWest was aware that Mr A was vulnerable before he'd made the claim that triggered its "excessive" claims process, they didn't think NatWest had acted unfairly and that in relation to chargeback claims reasonable adjustments can be difficult to make. And they didn't think NatWest had acted unreasonably in the way they communicated with Mr A. NatWest had, however, agreed to send Mr A an apology in writing for the way its letters had made him feel. Our investigator thought that was fair and reasonable.

Mr A disagreed and asked for a decision from an ombudsman. So, his complaint was passed to me.

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.

Last month I issued a provisional decision in which I said the following:

"Mr A complained to our service saying that NatWest had told him that it wouldn't consider any more chargeback claims he submitted – regardless of whether or not they're genuine – because he'd made an "excessive" number of claims. I'm satisfied that this is what an agent told Mr A when he spoke to them on the phone about why a claim that he'd made in December 2022 had been rejected. NatWest has since said that Mr A can submit further chargeback claims but that it'll only do so if the claim is backed up by documentation.

Our investigator didn't think NatWest had acted unfairly given that it had followed its processes for when a customer makes "excessive" chargeback claims. I've seen details of those processes, and I don't entirely agree. I'll explain why.

It's clear from NatWest's processes that if one of its customers makes what it considers to be an "excessive" number of chargeback claims over a certain period of time, then NatWest will place restrictions on the customer's account. There's guidance on what constitutes "a claim" so that what it essentially one dispute isn't characterised as "multiple claims". NatWest's process appears to be aimed at preventing "abuses" of the chargeback system rather than "genuine" claims – something I agree isn't unreasonable.

I don't think that the process or the guidance I've seen is unfair or unreasonable as far as it goes, but the process and guidance make no obvious distinction between successful and unsuccessful claims even though the process appears to be aimed at preventing "abuses" of the chargeback system rather than "genuine" claims. In addition, the process and the guidance aren't clear as to exactly what should happen when a customer has been deemed to have made an "excessive" number of claims, and this may well explain what appear to be inconsistencies in what NatWest told Mr A would happen in the event he made further chargeback claims and what it's since told us. More importantly, I've seen nothing to suggest the process or guidance takes into account the impact a disability, condition or vulnerability might have on the number of chargeback claims a customer might raise and / or the merits of such claims. In Mr A's case, I'm minded to say that this has resulted in NatWest treating a customer who it knew to be vulnerable in an unfair way. In short, I don't think NatWest took Mr A's disabilities, conditions and vulnerabilities into account.

I'm satisfied that NatWest caused Mr A considerable distress when it told him that it wouldn't consider any more chargeback claims from him. I'm also satisfied that NatWest caused Mr A considerable distress when it said that it believed he was acting fraudulently simply because of the number of claims he'd made. And I don't think it's unfair or unreasonable of Mr A to expect NatWest to make "reasonable adjustments" in all its dealings with him. I don't think it's unfair of NatWest to let Mr A know that it would be better if he evidences any claims he makes in the future when he makes them – NatWest does, after all, have to decide whether a chargeback claim has a "reasonable prospect of success" before raising it. But unless and until NatWest – having taken Mr A's vulnerabilities and conditions and disabilities into account – has evidence that Mr A is "abusing the chargeback process", I don't think it's fair and reasonable of NatWest to say it won't consider any further chargeback claims.

Given what I've just said, I'm minded to require NatWest to remove the restriction that it has placed on Mr A's account in relation to his ability to raise chargebacks. That doesn't mean NatWest can't ask Mr A for evidence to back up any future chargeback claims he makes, particularly if that evidence is going to be needed to decide whether or not the claim has a reasonable prospect of success. And I'm minded to require NatWest to pay Mr A £300 in compensation for the distress and inconvenience it has caused. NatWest ought to bear its obligations under the Equality Act 2010, and towards vulnerable consumers generally, in mind going forwards too."

Mr A's representative replied to my provisional decision to say that Mr A didn't have anything further to add – that I'd picked up on the main crux of the matter in that Mr A has numerous and complex physical and mental health issues, which NatWest hadn't at any point appeared to acknowledge or make "reasonable adjustments" for. NatWest didn't respond.

Having reconsidered everything, I remain of the view that the process or the guidance I've seen is unfair or unreasonable as far as it goes, but the process and guidance make no obvious distinction between successful and unsuccessful claims even though the process appears to be aimed at preventing "abuses" of the chargeback system rather than "genuine" claims. In addition, I remain of the view that the process and the guidance aren't clear as to exactly what should happen when a customer has been deemed to have made an "excessive" number of claims, and this may well explain what appear to be inconsistencies in what NatWest told Mr A would happen in the event he made further chargeback claims and what it's since told us. More importantly, I remain of the view that I've seen nothing to suggest the process or guidance takes into account the impact a disability, condition or vulnerability might have on the number of chargeback claims a customer might raise and / or the merits of such claims. In this case, therefore, I remain of the view that this has resulted in NatWest treating a customer - who it knew to be vulnerable in an unfair way. Or to put it another way, I don't think NatWest took Mr A's disabilities, conditions and vulnerabilities into account.

I remain of the view that NatWest caused Mr A considerable distress when it told him that it wouldn't consider any more chargeback claims from him and when it said that it believed he was acting fraudulently simply because of the number of claims he'd made. And I don't think it's unfair or unreasonable of Mr A to expect NatWest to make "reasonable adjustments" in all its dealings with him. I also remain of the view that it isn't unfair of NatWest to let Mr A know that it would be better if he evidences any claims he makes in the future when he makes them – NatWest does, after all, have to decide whether a chargeback claim has a "reasonable prospect of success" before raising it. But unless and until NatWest – having taken Mr A's vulnerabilities and conditions and disabilities into account – has evidence that Mr A is "abusing the chargeback process", I remain of the view that it isn't fair and reasonable of NatWest to say it won't consider any further chargeback claims.

Putting things right

Given what I've just said, I remain of the view that it's fair to require NatWest to remove the restriction that it has placed on Mr A's account in relation to his ability to raise chargebacks. That doesn't mean NatWest can't ask Mr A for evidence to back up any future chargeback claims he makes, particularly if that evidence is going to be needed to decide whether or not the claim has a reasonable prospect of success. And I also remain of the view that it's fair to require NatWest to pay Mr A £300 in compensation for the distress and inconvenience it has caused. So that's what I'm going to require NatWest to do. In my provisional decision I said that NatWest ought to bear its obligations under the Equality Act 2010, and towards vulnerable consumers generally, in mind going forwards in its dealings with Mr A. I know that's important to Mr A too, so I hope NatWest will do so.

My final decision

My final decision is that I'm upholding this complaint and requiring National Westminster Bank Plc to remove the restriction that it has placed on Mr A's account in relation to his ability to raise chargebacks. In addition, I'm requiring National Westminster Bank Plc to pay Mr A £300 in compensation for the distress and inconvenience it has caused.

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

Nicolas Atkinson
Ombudsman