

The complaint

Mr C and Miss P have complained about the way Nationwide Building Society dealt with their claim for money back in relation to a transaction made using a debit card.

What happened

In March 2023 Mr C and Miss P said they were trying to book a holiday online. They'd attempted payment of £640.52 to an airline company I'll call "B" a few times using their debit cards, but Mr C and Miss P said the payments were declined. Miss P said she used a card with a different financial service provider to pay for the holiday. There were some problems with the holiday booking. Miss P says she received an email from B saying the flight was cancelled and refunded but when she checked her account, she noticed a payment had been taken from her Nationwide account for the original booking (3 days after it was made). The cancellation B referred to was for a separate booking.

Mr C and Miss P spoke to Nationwide because it had been in touch to verify transactions on the account. Mr C and Miss P said they'd contacted B to let it know they'd cancelled the booking and had no idea the payment with Nationwide had gone through. B didn't offer a refund, but it offered a refund of the taxes paid totalling £187.52. I understand Nationwide raised a chargeback, but this was defended by B because it classed the issue as a 'no show' and no further credit was due. It said it wasn't at fault. Mr C and Miss P referred their complaint to the Financial Ombudsman.

One of our investigators looked into things and decided to uphold the complaint. She listened to the call between Mr C, Miss P and Nationwide and didn't think they'd shown they authorised the transaction so she didn't think Nationwide should have allowed it to go through. Our investigator said Nationwide should refund Mr C and Miss P £453 – the loss they'd suffered.

Nationwide didn't agree with the recommendation. It said it raised the chargeback correctly for services not received. It said it didn't agree Mr C and Miss P hadn't authorised the transaction because they entered card details when trying to make the booking.

As things weren't resolved, the complaint was passed to me to decide.

I contacted Nationwide to ask some further questions about the attempted payments to B. I noted the following:

10 March 2023 – 5.37pm - £640.52 to B was a soft decline
10 March 2023 – 5.40pm - £640.52 to B was approved
10 March 2023 – 5.47pm - £640.52 to B was declined

I asked for details about when the authorised payment was allowed to go through, and whether Nationwide could have done anything to stop the payment when Mr C and Miss P spoke to it a few days after the transaction was made. Or whether it could have raised the chargeback under a dispute condition relating to where the transaction had been paid by other means.

Nationwide explained the middle payment I've highlighted above was approved, and I believe the last payment was declined via the card scheme. It said there was nothing further it could have disputed for Mr C and Miss P.

I issued a provisional decision that said:

I want to acknowledge I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality. But I want to assure Mr C, Miss P and Nationwide that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

I need to consider whether Nationwide could have done more to help Mr C and Miss P when they contacted it for help either by stopping the transaction from going through, or by raising a chargeback for them.

Based on what I've seen, while I appreciate Mr C and Miss P were having some problems making the payment, the evidence indicates the transaction was authorised on the 10 March 2023 at 5.40pm. I think it was too late to stop it when Mr C and Miss P spoke to Nationwide a few days later. This is backed up by what Mr C and Miss P said in their complaint form in that they noticed the payment leave their account on the 13 March 2023. And I think they would have received confirmation from B. It wasn't until the 17 March 2023 that they spoke to Nationwide, so I think it was too late to stop the payment from being authorised at that point.

I've gone on to think about whether Nationwide could have done more to help through chargeback.

The chargeback process provides a way for a card issuer to ask for a payment to be refunded in certain circumstances. The chargeback process is subject to rules made by the relevant card scheme. It's not a guaranteed way of getting money back.

While it's good practice for a card issuer to attempt to chargeback where certain conditions are met and there's some prospect of success, there are grounds or dispute conditions set by the relevant card scheme that need to be considered. If these are not met, a chargeback is unlikely to succeed. And something going wrong with a merchant won't always lead to a successful claim.

Nationwide raised the chargeback for services not provided. But this was defended by B because the flights were available. I've not seen the booking made using the Nationwide card was cancellable. So I don't think Nationwide could have pursued the chargeback further on that basis.

I've also thought about whether the chargeback could have been raised for another reason. I agree with Nationwide that it couldn't have been raised for not being authorised because it's not in dispute that Mr C and Miss P did make the booking and entered their card details. And I don't think there'd have been grounds for raising the dispute in relation to paid by other means because even if another booking was made, this would have been accepted by B under a new reference – which is what Mr C and Miss P told us happened.

I'm really sorry to hear Mr C and Miss P had an issue with the booking. I know it cost a significant sum, and they've only been able to claim a portion of the cost back. But I can only direct Nationwide to refund them when there are fair grounds for me to do so. It wouldn't be fair for Nationwide to take the loss where there's no liability. I don't think it authorised the

payment unfairly. I've not seen it made a mistake by telling Mr C and Miss P the payment was declined when it wasn't. And I don't think there was a prospect of success through pursuing the chargeback further, or by pursuing it under a different reason code. I'm therefore not intending to make any recommendations.

Nationwide had nothing further to add. Mr C and Miss P responded to say they weren't happy with the provisional decision. They said they wouldn't have made a third attempt to make the payment if the second attempt had been approved.

Mr C and Miss P attached a copy of the confirmed reservation for the holiday showing the date and time of the email sent to Mr C. They also supplied a copy from part of the receipt showing payment with the other card. Mr C and Miss P said if, at any time, they believed payments attempted had been authorised by Nationwide they wouldn't have proceeded with another means of payment so soon afterwards.

Mr C and Miss P said there was a problem with the holiday website they used. They said once payment had been taken for the full booking they received an email from the resort explaining the information on the website was incorrect and the accommodation was unavailable. Mr C and Miss P said they spent the next morning arranging a refund from the holiday package company. At that point they were still unaware a payment had been authorised to B through Nationwide. It wasn't until the 13 March 2023 that B confirmed the booking. Mr C and Miss P said at this point they realised Nationwide had authorised payment for flights for a holiday that had been cancelled.

Mr C and Miss P acknowledge they entered card details to make the booking, but they said they had to put each attempt through an authorisation process on their Nationwide card reader, and that each attempt was declined by the card reader.

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'd like to thank the parties for their responses. I of course can understand Mr C and Miss P's point that it would seem very odd to have made a third attempt at payment if the second had been authorised. I've been speaking to Nationwide to try to establish what happened. And I've put forward arguments from Mr C and Miss P to try to get to the bottom of things.

The evidence Nationwide submitted says the second payment was successful. I've asked it to check this a few times to be fair to Mr C and Miss P and, on balance, I don't think it would have been able to amend the information to show it was successful when it had been declined. While I understand Mr C and Miss P's point, I can't see it's backed up by the transaction log supplied by Nationwide. Moreover, the transaction must have been successful because B ultimately accepted the booking for it.

I also wanted to know if there was any chance for Nationwide to have stopped the payment from the time it was made to the point where B emailed Mr C and Miss P the confirmation, but Nationwide has said there wasn't. Nationwide were only able to locate calls from the 17 March 2023, which is after the transaction and confirmation. So I can't see it would have been able to stop the transaction, even up to the point the booking confirmation was sent.

I also said to Nationwide that Mr C and Miss P had explained the payment to B was declined three times using the card reader. Nationwide explained a card reader would only be used when attempting to make an online payment via the banking app. It requested the banking data from one of its online teams, but it couldn't find the evidence of the card reader activity

for the period in question for Mr C's transactions.

Therefore, while I'm very sympathetic, I don't find I've seen enough to say that Nationwide let the transaction go through unfairly. And I don't think there were grounds for it to dispute the transaction through chargeback because it looks like it was authorised, and I can't see there would've been another dispute condition that would have fit. While I agree it's unusual that a third attempt was made, I'm unable to explain how Nationwide's evidence of the authorised payment might be wrong. So I don't find I have the grounds to direct it to refund Mr C and Miss P. If they think something has gone wrong at B's end, they may wish to contact it again.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Miss P to accept or reject my decision before 22 May 2024.

Simon Wingfield
Ombudsman