

The complaint

Miss A complains that Nationwide didn't do enough to help her when she told it about a dispute she had with a merchant over goods paid for using her Nationwide debit card.

What happened

Miss A purchased a watch from the merchant (I'll call "X") via a third-party online payment processor on 4 May 2023. The total cost for the watch was £22,595 and Miss A purchased it using her Nationwide current account debit card.

The watch was received by Miss A on 11 May 2023. Miss A says she then noticed the watch shipped was a different colour to the one she ordered. Miss A says she contacted X to resolve the situation on 15 May 2023 and as she was unsuccessful, she contacted the payment processor to provide assistance on 30 May 2023. However, this was also unsuccessful and so she contacted Nationwide on 27 July 2023 and raised a chargeback.

When Miss A contacted Nationwide she informed it that she found it difficult to try and get a returns address to return the watch and so the watch is still in her possession. This was disputed by X during the chargeback process, and it provided evidence of its return process. The chargeback was defended and ultimately unsuccessful. Unhappy with this, Miss A referred a complaint to our service.

One of our investigators considered her complaint. He didn't uphold the complaint as he concluded Nationwide acted fairly when handling the chargeback claim. Miss A didn't agree and so the complaint has been passed to me to consider.

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.

In deciding this complaint, I am also only considering the actions of Nationwide in how it has handled Miss A's request to raise a chargeback on her behalf. I am not considering the actions of X or the payment processor. A chargeback was the only realistic way Nationwide could have recovered the money paid given this was a debit card payment. Therefore, this is why I am considering it.

Having carefully considered all the information I've been provided with, I'm not going to uphold this complaint. I appreciate that will be disappointing to Miss A.

A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant card scheme rules. It allows customers to ask for a transaction to be refunded in a number of situations, some common examples being where goods or services aren't provided, where goods or services are defective, or where goods or services aren't as described. In this particular case the appropriate reason, which Nationwide selected, was goods not as described.

There's no automatic right to a chargeback; the chargeback process doesn't give consumers legal rights; and chargeback is not a guaranteed method of getting a refund because chargebacks may be defended by the merchant. This is because the rules, set out by the card scheme lay down strict conditions which must be satisfied for a chargeback claim to succeed. If a financial business thinks that a claim won't be successful, it doesn't have to raise a chargeback. But where there's a reasonable chance of success, I'd expect a financial business to raise a chargeback.

It's important to note that chargebacks are decided based on the card scheme's rules – in this case VISA's – and not the relative merits of the cardholder/merchant dispute. So, it's not for Nationwide – or me – to make a finding about the merits of Miss A's dispute with X. Nationwide's role is to raise the appropriate chargeback and consider whether any filed defence by the merchant complies with the relevant chargeback rules.

Miss A requested Nationwide raise a chargeback on her behalf on 27 July 2023. Nationwide gathered further information from Miss A about her attempt to return the item. Miss A said she tried to resolve this with X's customer support but they were no help – they transferred her call and kept her on the phone for an extended period of time and so she gave up. She also explained that she raised this issue with the payment processor, but was also unsuccessful. In addition, when Miss A raised her chargeback request with Nationwide she said she found it difficult to locate a returns address. Nationwide then subsequently raised the chargeback on her behalf in August 2023.

In response X defended the claim. It provided a copy of the "*Online Order Exchanges and Returns Form*" which it said it provided to Miss A when she purchased the item. This form details the returns process and address. (Miss A has also provided a copy of this as part of her complaint.) X argued that as Miss A hasn't returned the item or attempted to return the item she cannot make a valid chargeback claim under the scheme rules. I note that the scheme rules do require Miss A to have returned the item or attempted to return it. X's defence was sufficient to mean the chargeback didn't succeed. I appreciate Miss A has since said a courier was arranged and although she stayed in all day no one arrived to pick it up. However, this contradicts her earlier testimony and in any event I can't see she raised this with Nationwide at the time or provided supporting evidence of this to Nationwide when it asked for further information.

Where the merchant challenges a chargeback, a bank doesn't have to carry out a detailed investigation into what actually happened to decide which party deserves the money. I can see from the information available that Nationwide explained to Miss A why the chargeback had been defended together with providing the supporting information. And Miss A didn't provide any further compelling evidence in response to this.

So taking everything into account, there's nothing I've seen that suggests Miss A's claim was likely to succeed; X's defence meant the chargeback didn't succeed. And I'm persuaded that Nationwide took the claim as far as it reasonably could've done given X's defence. So, in view of this, there's nothing more that I would've expected Nationwide to do and because of this I cannot uphold Miss A's complaint.

My final decision

For the reasons explained above, I don't uphold this complaint against Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 15 November 2024.

Claire Lisle
Ombudsman