

The complaint

Mr H complains that he didn't authorise a payment from his credit card account with National Westminster Bank Plc and about its response to his chargeback claim and a claim under section 75 of the Consumer Credit Act 1974.

What happened

Mr H had used an engineering company to supply and fit a replacement heat exchanger and pump. He was invoiced £7,381.48 for that work in July 2023 and I understand that he paid at least some of that amount using his NatWest credit card. There were some issues with the heat exchanger and pump and the engineering company agreed to carry out some additional work. It charged Mr H £2,277 for that work and collected payment of that amount from Mr H's credit card account in November 2023.

Mr H contacted NatWest about the payment and he made a chargeback claim and a claim under section 75. NatWest treated the claims as a complaint and it sent Mr H its final response letter in February 2024 in which it accepted that Mr H hadn't received the level of service that it would have expected about his chargeback claim. It said that it wasn't going to raise a chargeback but as a goodwill gesture it credited Mr H's account with the amounts of £104.10 and £38.47 that had been charged for interest on his most recent statements and applied an interest waiver to his next statement and it credited £100 to his account by way of compensation for any inconvenience that the issue may have caused. NatWest also responded to Mr H's section 75 claim and noted that the engineering company had agreed to reduce the hourly rate charged for the work from £365 plus VAT to £165 plus VAT and it offered to pay him £990 as a gesture of goodwill to cover the difference between the rate charged and the agreed reduction.

Mr H didn't accept that offer and complained to this service. NatWest then offered to increase the payment to £1,200. Mr H's complaint was looked at by one of this service's investigators who, having considered everything, thought that the increased offer was a fair offer as a breach of contract or misrepresentation hadn't been evidenced but what had been evidenced was that the engineering company did offer to reduce the hourly rate.

Mr H requested that his complaint be referred to an ombudsman. He has provided detailed responses to the investigator's finding and says, in summary and amongst other things, that his dispute is about what is a fair and reasonable hourly rate of pay for a plumber, how a fair and reasonable rate of pay is arrived at and whether the engineering company had the right to charge his credit card without his authorisation.

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 understand that the engineering company submitted a request to NatWest for a payment of £2,277 using the credit card details that Mr H had provided to it for an earlier payment. NatWest accepted that request and a charge of £2,277 was applied to Mr H's account. I'm

not persuaded that there's enough evidence to show that NatWest acted incorrectly in processing the payment request that had been made by the engineering company. I have no jurisdiction over the engineering company so I'm unable to make a finding as to whether or not it acted correctly in requesting that payment.

If a consumer disputes a credit card payment, the card issuer may be able to make a chargeback claim to the merchant under the relevant card scheme to try to settle the dispute. There's no right for a consumer to require that a chargeback claim be made and the applicable scheme rules set out the disputes that can be considered and the time limits for making a claim. But if the right to make a chargeback claim exists under the applicable scheme rules, and if there's a reasonable prospect of success, I consider it to be good practice for a chargeback claim to be made.

NatWest said in its final response letter to Mr H that it didn't have all of the supporting documents required to make a chargeback claim as it needed proof of the actual amount that Mr H was meant to be charged and he hadn't provided it. I'm not persuaded that there's enough evidence to show that NatWest acted incorrectly in deciding not to make a chargeback claim in these circumstances.

It accepted that Mr H hadn't received the level of service that it would have expected about his chargeback claim. It said that it wasn't going to raise a chargeback but as a goodwill gesture it credited Mr H's account with the amounts of £104.10 and £38.47 that had been charged for interest on his most recent statements and applied an interest waiver to his next statement and it credited £100 to his account by way of compensation for any inconvenience that the issue may have caused.

In certain circumstances, section 75 gives a consumer an equal right to claim against the supplier of goods or services or the provider of credit if there's been a breach of contract or misrepresentation by the supplier. To be able to uphold Mr H's complaint about NatWest, I must be satisfied that there's been a breach of contract or misrepresentation by the engineering company and that NatWest's response to his claim under section 75 wasn't fair or reasonable. I'm not determining the outcome of Mr H's claim under section 75 as only a court would be able to do that.

The engineering company's November 2023 invoice includes a charge for five hours of labour at £365 per hour plus VAT (which is £1,825 plus VAT and £2,190 in total). In correspondence between Mr H and the engineering company, it offered to reduce the hourly rate to £165 plus VAT but Mr H said that he believed that that rate was excessive and that £100 plus VAT would be a fairer and that the total amount payable should be £609.60. Mr H says that his dispute includes what is a fair and reasonable hourly rate of pay for a plumber and how a fair and reasonable rate of pay is arrived at. I only have jurisdiction to consider the actions of NatWest as the provider of credit to Mr H so I'm unable to make any finding about what is a fair and reasonable hourly rate of pay for a plumber or how a fair and reasonable rate of pay is arrived at.

NatWest said that it noted that the engineering company had agreed to reduce the hourly rate charged for the work from £365 plus VAT to £165 plus VAT and it offered to pay Mr H £990 as a gesture of goodwill to cover the difference between the rate charged and the agreed reduction and it then offered to increase the payment to £1,200. Five hours at £165 plus VAT per hour equals £990 and deducting that from the total charge for labour made by the engineering company of £2,190 gives £1,200. I consider that it was fair and reasonable for NatWest to offer to pay £1,200 to Mr H in full and final settlement of any claim that he may have against it arising out of this matter.

Mr H says that NatWest hasn't properly investigated his claim but I don't consider that it was

required to fully investigate all of the issues that Mr H has raised for it to be able to make a fair and reasonable offer to settle his claim. One of the issues that Mr H set out in his complaint form is that by allowing the transaction to be charged to his credit card account it restricted his ability to negotiate a fair and reasonable settlement with the engineering company as it already had his money. He hasn't said that he should receive a full refund of that amount. Even if I was to find that there had been a breach of contract or misrepresentation by the engineering company in these circumstances (and I make no such finding), I'm not persuaded that it would be fair or reasonable for me to require NatWest to base any refund to be made to Mr H on the hourly rate that he considers would be fair.

Mr H has made detailed submissions about his complaint including his original complaint to (and subsequent correspondence with) NatWest, his complaint form, and e-mails to the investigator in May and June 2024 in response to her recommendation. I've carefully considered all of the submissions that Mr H has made (even if I've not directly responded in this decision to all of the issues that he's raised or the questions that he's asked) to decide what I consider is fair and reasonable in these circumstances. Having done so, I consider that the offer that NatWest has made to Mr H is a fair and reasonable response to the claim that he made to it under section 75.

Putting things right

NatWest has credited and waived interest and has credited £100 compensation to Mr H's account. I find that it would also be fair and reasonable in these circumstances for it to pay to Mr H the compensation of £1,200 that it has offered to him. I'm not persuaded that it would be fair or reasonable for me to require it to take any other action in response to Mr H's complaint.

My final decision

My decision is that I uphold Mr H's complaint and I order National Westminster Bank Plc to pay him the compensation of £1,200 that it has offered him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 January 2025.

Jarrod Hastings
Ombudsman