

The complaint

Mr R complains that Nationwide Building Society hasn't refunded him money he used to buy a motorbike that he never received. He wants his payment refunded.

What happened

Mr R purchased a motorbike from a seller online using his Nationwide credit card. He says that he took all possible precautions before making the purchase including getting advice from the Nationwide credit card team. He says that he made a payment, but the seller didn't deliver the motorbike or provide him with a refund. He raised a dispute with Nationwide, but it didn't refund his payment.

Nationwide issued a final response letter dated 2 April 2024. It accepted that it had provided some conflicting information about the transactions on Mr R's account and paid him £50 because of this. But regarding Mr R's refund claim it didn't agree that it had done anything wrong by declining this. It said that Mr R didn't have an eligible claim under Section 75 of the Consumer Credit Act 1974 (s.75) because the payment had been made through a third party.

Mr R wasn't satisfied with Nationwide's response and referred his complaint to this service.

Our investigator said that her view was about whether Nationwide had acted fairly in response to Mr R's claim arising from a disputed transaction and not about the supplier. She considered whether Nationwide had taken reasonable action in considering a chargeback and whether its response to Mr R's s.75 claim was fair and reasonable.

Regarding a chargeback, our investigator explained that there are no automatic chargeback rights for consumers, but we'd generally expect a business to raise a chargeback if there was a reasonable prospect of success, such as where goods or services hadn't been received. She said in this case Nationwide would only have been able to process chargeback claims against the merchant that was paid (that is the payment provider). In this case a chargeback was raised but this was defended as the payment provider had facilitated the payment. Therefore, she didn't find that Nationwide was wrong in its handling of the chargeback.

In response to Mr R's s.75 claim our investigator wasn't persuaded that the necessary debtor-creditor-supplier relationship was in place. This was because Mr R made his payment to a third party rather than directly to the supplier. She further explained that the £800 Mr R paid was debited as a cash transaction rather than a credit transaction meaning that even if the debtor-creditor-supplier relationship was in place s.75 wouldn't apply. Therefore, she didn't think that Nationwide was wrong to decline the claim. She noted the payment Nationwide made to Mr R of £50 for the service issue and thought this was fair.

Mr R didn't agree with our investigator's view. He said she hadn't addressed his concerns about fraud or his complaint that Nationwide had said it wouldn't charge interest on the £800 until the issue had been resolved but then harassed him for payment and served him with a default notice. He said the miscommunication with Nationwide hadn't been considered and

that Nationwide's customer service team failed to provide clear guidance and support which compounded his difficulties.

Our investigator issued a second view addressing the points Mr R had raised. She explained that Nationwide was under no obligation to suspend interest on a payment whilst either a chargeback dispute, s.75 claim or a complaint was being considered. But she noted that Nationwide did suspend interest on the transaction whilst it considered the chargeback and when it investigated the s.75 claim. She thought this was fair and as Mr R hadn't made payment towards the outstanding balance, she didn't think Nationwide was wrong to issue a default notice. Our investigator noted Mr R's comment about a possible fraud but said this was dealt with separately.

Mr R remained unhappy with our investigator's view and requested an ombudsman decision.

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 am sorry to hear of the experience Mr R has had but for me to uphold this complaint I would need to be satisfied that Nationwide had done something wrong or treated Mr R unfairly. There are several parts to Mr R's complaint, and I have dealt with each of these below. Alongside this complaint, Mr R has raised concerns about a possible fraud. But as this was dealt with separately and didn't form part of Nationwide's final response or this investigation, I haven't considered this as part of this decision.

Chargeback

Mr R completed a disputed credit card transaction form with Nationwide on 9 July 2023 for payments of £800 and £11.99 made to third parties for the purpose of buying a motorbike from a supplier. He said he had not received the motorbike and had cancelled his purchase, but the supplier wasn't responding to him.

Chargeback is the process by which settlement disputes are resolved between card issuers and merchants under the relevant card scheme. When a chargeback is raised, the disputed amount is usually credited to the claimant's account while the dispute is investigated. In Mr R's case, the disputed amount was credited to his account and Nationwide contacted the merchant. The merchant in this case was a money transfer platform and it provided evidence that it had sent the funds as had been requested.

Because the merchant defended the claim and provided evidence that it had provided the service it was required to do, I do not find I can say that Nationwide was wrong to say that it couldn't take Mr R's claim any further. As the chargeback wasn't successful the transaction was reapplied to Mr R's account. This is in line with the actions we would expect to be taken and so I do not find I can uphold this apart of Mr R's complaint.

Section 75 claim

S.75 says that in certain circumstances, the borrower under a credit agreement has an equal right to claim against the credit provider if there's either a breach of contract or misrepresentation by the supplier of goods or services. For there to be a valid claim under s.75 there is a requirement for there to be a debtor-creditor-supplier relationship in place. In this case, Mr R made the payment to a third-party money transfer platform and not directly to the supplier. As the money transfer platform carried out the actions that it was requested to do, I do not find I can say there was a breach in contract. I also understand that a payment

Mr R made may have been debited as cash rather than being a credit transaction in which case s.75 wouldn't apply.

Given the evidence provided in this case, I do not find that I can say Nationwide was wrong to decline Mr R's s.75 claim.

Service

Mr R has said that he took precautions before making payment for the motorbike and contacted Nationwide about this. I have looked at the call notes provided and these record that Mr R called Nationwide on 29 June 2023 about purchasing a motorbike from an online supplier. While Mr R asks if his transaction will be covered and this is confirmed, he didn't explain that the payment would be made through a third party. Without the information about the third-party involvement, I cannot say that Nationwide was wrong to provide the information it did.

Mr R then called on 30 June as he was having problems making his payments. It was explained that he was attempting the payment as cash and that there was a lower limit for cash transactions. He then calls about other payments in connection with the motorbike and Nationwide explained the process of how payments are claimed.

Based on the evidence provided, while I can see that Mr R did contact Nationwide before making the purchase, as he didn't explain that a third-party would be used, I do not find I can say he was provided incorrect advice regarding this transaction. Nationwide acknowledged that some conflicting advice was given about transactions on Mr R's account and paid him £50 because of this which I find reasonable.

Following Mr R raising his dispute, he said he was told that he wouldn't be charged interest on the £800 until his case had been resolved. I have looked through the evidence provided and can see that an interest refund was applied in November 2023 and that interest wasn't charged on the £800 balance until the February 2024 statement. By this time Mr R had been provided with a response to both his chargeback and s.75 claim. As Mr R's claims hadn't been successful and he had been informed of this, I do not find I can say that Nationwide was wrong to charge interest on the outstanding balance in line with the account terms and conditions and also to take further action when Mr R didn't make the required repayments.

In conclusion, while I can understand how upsetting this situation has been for Mr R, I do not find that I can say Nationwide has done anything wrong in response to Mr R's disputed transactions. I also do not find that I can say it was wrong to charge interest on the outstanding balance when the claims had been declined and to take further action when Mr R didn't make the payments required on his account. Because of this I do not uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 11 November 2024.

Jane Archer
Ombudsman