

The complaint

Mr F has complained National Westminster Bank plc won't refund him for a card transaction he didn't authorise.

What happened

In October 2023 Mr F went onto an online website (D) to buy an item. This totalled £139.99. There was a delay before he was asked to authenticate the card payment so he felt this may be dodgy. When the authentication request came through, Mr F rejected this. He then went on to another online marketplace and bought the same item.

Mr F soon realised that D had also debited his account despite him rejecting the request for authentication. He complained to NatWest. NatWest didn't think there'd been any bank error and suggested Mr F raise this directly with D. On the other hand, Mr F felt that NatWest should be repaying his costs for returning the item to D.

Mr F brought his complaint to the ombudsman service.

Our investigator agreed that the transaction hadn't been properly authorised. She was aware that Mr F refused to return the item to D, so felt that it would be unfair to ask NatWest to refund him whilst Mr F remained in possession of the item.

Still unhappy Mr F asked an ombudsman to consider his complaint.

I completed a provisional decision on 11 December 2024. I believed that as Mr F had not authorised the transaction then he should be refunded.

Mr F agreed with the outcome but stressed some points he wished me to consider.

NatWest rejected the outcome as they believed Mr F held the goods.

I now have all I need to complete my 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.

Having done so, I've reached the same outcome as I did in my provisional decision. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to Mr F's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves.

To help me come to a decision, I've reviewed the evidence NatWest provided as well as what Mr F has told us.

There's no dispute Mr F specifically declined to make the card payment when the request for multi-factor authentication came through. Strictly speaking therefore and in accordance with the PSRs, I have no choice but to say that NatWest should refund Mr F as he didn't authorise this transaction. I have to say I'm surprised NatWest didn't acknowledge this point in their response to my provisional decision.

I disagree with NatWest when they say there was no bank error or that the action by D to force the card transaction through should be dealt with by Mr F going to D direct. In fact, because D specifically overrode the authentication protocols, NatWest would have had the chance to submit a chargeback and I'd have expected it to have been successful. Merchants who don't use the fraud and security measures available to them enable successful claims to be made against them. I know NatWest disputes this but I believe they seem to have got unduly concerned by Mr F having items he didn't order, which I have to say shouldn't be their concern here.

I did have some misgivings as I wondered whether Mr F was being stubborn in refusing the item to D. But having reconsidered this and having noted the points Mr F made to our service, I can see why he's taken the action he has.

Putting things right

NatWest will need to refund £139.99 to Mr F as he didn't authorise the transaction. They will also need to add 8% simple interest to that amount.

My final decision

For the reasons given, my final decision is to instruct National Westminster Bank plc to pay Mr F £139.99, along with 8% simple interest from 13 October 2023 to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 3 February 2025.

Sandra Quinn
Ombudsman