

The complaint

Mrs A complains that Nationwide Building Society won't refund payments she made with her debit card.

What happened

In March 2024 Mrs A was on holiday in Turkey. There was a jewellery store in her hotel. On 1 March she made three purchases from the store. Mrs A paid by two payments of £300 each from one card and a third payment of £1,500 from a different card. There was just over an hour between the first payment and the third payment.

Mrs A was unhappy with the items she had bought, however. On 5 March she went back to the store and returned them. The store gave her an envelope which it said contained a cash refund. Mrs A says she did not have a chance to count the money at the time. She signed a form which said (in English):

"I returned all the items I purchased from the jewelry shop within the hotel and received a refund."

Mrs A says she thought the store had given her a full refund of all three payments. But when she checked the envelope the store had given her, it contained only £1,470. Mrs A tried unsuccessfully to get a further refund from the store. It said that the deduction was for tax. It said too that Mrs A had been given a cash refund as a gesture of goodwill, even though she had paid by card.

Mrs A asked Nationwide to help. The building society said however that it could not do anything, because Mrs A had accepted a refund.

Mrs A did not accept what Nationwide had said. She said the refund was for the £1,500 payment, not the two £300 payments. She asked this service to look at the case.

Our investigator at first asked Nationwide to look again at the two £300 payments or to refund them. He did not think that the store's response dealt with them. Nationwide said that no further refund was due because Mrs A had confirmed that all goods had been returned and refunded; in addition, there was no evidence the goods were faulty.

The investigator then changed his view and said that Nationwide did not need to do anything. Mrs A asked for an ombudsman's 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.

First of all, I believe that Mrs A is telling the truth here. That is, I believe she returned the jewellery and received a refund of only £1,470. I believe too that she was told that the envelope contained all she was entitled to. She has sent us an email from the hotel saying that a deduction was made for tax. But I think it's possible the store was not telling the truth

about that.

But what I must decide is whether that means Mrs A should receive a refund from Nationwide, through the chargeback scheme.

Where a customer pays for goods with a debit card, disputes can sometimes be resolved through the chargeback process. Chargeback is a scheme run by the card schemes (in this case, Visa). A card issuer (here, Nationwide) raises a claim through the scheme against the seller's provider of card facilities.

That provider will then consider whether the scheme rules mean a refund should be made. Generally, a refund will not be available where the customer has returned goods and received a refund.

A card issuer does not have to make a chargeback claim, but this service takes the view that they should do so where there is a reasonable prospect of success.

In Mrs A's case, the seller said that she had returned the goods and received a refund. She signed a declaration saying that. In my view, this meant a chargeback was unlikely to be successful. It follows that Nationwide's decision not to pursue a claim for Mrs A was reasonable.

Mrs A has my sympathy. I think it's quite likely that the jewellery store misled her and that she has lost out as a result. But I don't believe it would be fair to require Nationwide to cover her losses.

My final decision

For these reasons, my final decision is that I do not uphold Mrs A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 27 February 2025.

Mike Ingram
Ombudsman