

The complaint

Mr N complains about the way Nationwide Building Society handled his chargeback request.

What happened

Mr N's purchase involves a company I'll refer to as 'T'. An invoice shows he paid £189 on 19 July 2023 to T using his Nationwide debit card for a three-hour motorbike training session with a start date of 3 August 2023. However, Mr N cancelled this on the day he made the booking because he realised he wouldn't be able to take the relevant test without completing more than one training session. T refunded Mr N but deducted 15% from the refund amount saying this was in line with its terms and conditions.

In around May 2024, Mr N contacted Nationwide requesting it raise a chargeback. Nationwide declined to do so, as it said his request was made ten months after the transaction date, which was outside the relevant timescales set by the Visa chargeback scheme. Dissatisfied with this response, Mr N referred his complaint to our service.

Our investigator didn't recommend upholding this complaint because she didn't think Mr N had met with the Visa timescales as Nationwide had said. Mr N disagreed and asked for an ombudsman to consider this matter.

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.

The chargeback scheme operated by Visa, is there to assist customers with disputed card transactions. The scheme is bound by strict rules and time guidelines set out by Visa which banks such as Nationwide must follow. With any chargeback, there is never a guarantee that the funds will be reimbursed as there are specific criteria which must be fulfilled. The Visa disputes and chargeback process is also a voluntary scheme with its own set of rules operating independently to UK legislation. Whilst the scheme is voluntary, I would expect Nationwide to initiate a chargeback where there was a reasonable chance of success.

Mr N made some allegations about T giving him false information in respect of the training and qualifications he'd need before taking the relevant test. But there are limited grounds under which a chargeback can be initiated. And from what Mr N described happened, I think the most appropriate reason code under the Visa chargeback scheme that applies here would be 'cancelled merchandise/services'. Under this reason code, a chargeback must be initiated within 120 days of the processing date. A longer time limit may apply where the cardholder received goods or services at a later date – the maximum length of time for a dispute to be raised is 540 days from the original transaction date. However, a chargeback must still be raised within 120 days of when the cardholder received, or expected to receive, the service they'd paid for.

I should note Mr N was due to receive the service from T on 3 August 2023. However, as he'd cancelled this service on 19 July 2023, I think the correct date for calculating whether he met with the Visa timescales was the transaction processing date, which according to his statements was on 20 July 2023. That said, I don't consider this materially impacts on the outcome of this case as whichever date was used would still mean Mr N's dispute was outside of the Visa chargeback scheme timescales. I'll explain why.

Based on the transaction processing date, Nationwide would've had up until 9 November 2023 to initiate a chargeback on Mr N's behalf. And even using the later date of when the service should have been provided (3 August 2023), the latest date to initiate a chargeback would've been 1 December 2023.

In terms of the exact date Mr N asked Nationwide to initiate a chargeback, this is unclear. I can see he complained to Nationwide on 22 May 2024 about its decision, but this doesn't appear to be the day he actually asked for a chargeback to be initiated. From reviewing Nationwide's contact notes, I think the earliest Mr N raised any type of dispute was on 30 April 2024. And based on that date, this was 283 days after the transaction processing date and 271 days after the service was due to be received date. These timescales broadly meet with a telephone record of a conversation between Mr N and a Nationwide agent held on 22 May 2024. On this call, the agent asked Mr N why it'd taken him ten months (304 days) to ask Nationwide to initiate a chargeback. Mr N explained to the agent that due to his personal circumstances, he'd been unable to do so sooner.

Mr N has also not disputed asking Nationwide to initiate a chargeback outside of the 120-day Visa chargeback timescale. Rather, he says due to his personal circumstances, Nationwide is acting unfairly and unreasonably for strictly applying the relevant 120-day time limit. I appreciate what Mr N is saying here but as I noted above, the Visa chargeback scheme is bound by strict rules and time guidelines which aren't set by Nationwide. And I'd only expect it to initiate a chargeback if there was a reasonable chance of success. From what I can see, Mr N requested a chargeback over the 120-day timescale that is linked to the Visa chargeback reason code under which a chargeback would likely have been initiated. So, I can't fairly or reasonably conclude that Nationwide acted unfairly or unreasonably when it declined his chargeback request.

So, whilst I know this will be disappointing for Mr N and I fully empathise with his reasons for being unable to ask Nationwide for assistance sooner, I'm not upholding this complaint.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 23 April 2023.

Yolande Mcleod
Ombudsman