

Complaint

Mr E is unhappy that Nationwide Building Society didn't refund two payments after he told it he'd fallen victim to a scam.

Background

Mr E entered into an agreement in March 2024 with a company offering to take photographs to form part of a modelling portfolio. The full cost of the service was £1,000, of which £800 was funded through a point-of-sale loan provided by the same company. Mr E was required to make two upfront payments at the start of the agreement (£150 and £66.67) which he paid using his Nationwide debit card.

A photo shoot took place, and Mr E later received a digital collection of photographs. However, he wasn't happy with the quality of the photos. He also claimed that he hadn't signed a contract and so didn't agree to make the monthly repayments. He felt the company had taken advantage of him and disputed the card payments. He told Nationwide what had happened. It cancelled the direct debit for the loan repayments and raised a chargeback for the two debit card transactions. But the merchant defended the chargeback, providing a signed copy of the contract and evidence that the photos had been supplied. Nationwide did not take the chargeback further and declined to reimburse the card payments.

Mr E was unhappy with this and brought his complaint to our service. It was looked at by an Investigator who didn't uphold it. Mr E didn't agree with the Investigator's opinion and so the complaint has been passed to me to consider and come to a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account. Mr E says that he didn't authorise the second of the two payments. However, the evidence Nationwide has submitted shows that the payment was authenticated using his card details and the associated paperwork suggests that the payment was connected to that contract. On balance, I think it's more likely than not that the payments were properly authorised here. As a result, Mr E is presumed liable for the payments at first instance.

However, that isn't the end of the story. Good industry practice required that Nationwide be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to protect their customer. That might be as simple as providing a written warning as part of the payment process or it might extend to making contact with the customer to establish the circumstances surrounding the payment.

However, none of those expectations are relevant if I'm not persuaded Mr E fell victim to a scam. I've considered all the available evidence, and I'm not persuaded it supports his contention that he did. I appreciate that he feels that he was misled and that he didn't agree to the loan. However, the evidence suggests that he attended the photo shoot and received the digital photographs as promised. The merchant also provided a copy of a contract and credit agreement which appear to have been signed by him.

The company in question has an online presence, a physical location and appears to be a legitimate, registered business. The fact that he attended an in-person photo shoot makes it unlikely that this was a deliberate attempt to scam him. I recognise that he felt the quality of the photos was poor. However, that isn't the same as him being the victim of a scam – it's a dispute about the quality of the service that he was provided with and that is a civil matter between him and the company.

I've also thought about whether Nationwide did anything wrong when handling the chargeback request. A chargeback isn't an automatic right – it's a voluntary scheme operated by card scheme operators. I can see Nationwide raised the chargeback initially. That was a reasonable course of action given what Mr E had told it. It also credited his account with a temporary refund of the disputed payments.

However, once the merchant defended the chargeback with signed documentation and evidence to show the service was delivered, Nationwide had to exercise its discretion as to whether to take matters further to a process called arbitration. In view of the evidence the merchant provided (including a signed contract, credit agreement, and confirmation the photos were sent) I don't think it was unreasonable for Nationwide to opt against pursuing the chargeback further. It was entitled to decide that the evidence meant there was little chance of success.

I've also considered the position with the point-of-sale loan. I understand Nationwide cancelled the direct debits that had been set up to repay the loan from Mr E's account. It doesn't, however, have any influence over the underlying contract he entered into with the merchant and so can't be responsible for its terms. I, therefore, don't think it acted unfairly in declining to get further involved.

Final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 9 July 2025.

James Kimmitt
Ombudsman