

The complaint

Mr W has complained that Nationwide Building Society hasn't refunded him a deposit he paid for a holiday lodge.

What happened

Mr W decided to buy a holiday lodge, with a total price of £160,000. In August 2023, he paid the deposit of £16,000 using various methods, including putting £4,000 on his Nationwide credit card.

Unfortunately, things didn't go as planned. Mr W has explained the lodge wasn't of the year of manufacture he'd been told, an outside tap wasn't fitted, and a bedroom wasn't configured as had been agreed.

In January 2024, Mr W contacted Nationwide for a refund of the deposit. Nationwide explained it couldn't consider this under section 75 of the Consumer Credit Act 1974, because the total cost of the lodge was more than £30,000 – so outside the monetary limits of section 75.

Instead, it raised a chargeback for the £4,000 under the Visa dispute process. However, the merchant defended the claim, and Nationwide ultimately didn't pursue it further.

Mr W then brought a complaint to our service, and one of our investigators looked into what had happened. He agreed with Nationwide that it was reasonable to have concluded the matter fell outside section 75. This was because the legislation refers to the value of a 'single item'. Here, he considered this rightly to be the holiday lodge, with a value of £160,000.

Our investigator then looked at what had happened with the chargeback. He noted that the chargeback scheme rules state that a claim must be processed within 120 days of either the payment date, or the point at which the cardholder received the merchandise or service. He also explained that there's no automatic right to a chargeback, but we would generally expect one to be attempted – if it looks like it would have a reasonable chance of success.

Here, Nationwide raised a chargeback, and it was defended by the merchant, as being outside the allowable time limit. Our investigator agreed that Mr W had contacted Nationwide in January 2024, which was more than 120 days after he'd made the deposit payment. However, the 120 days doesn't start until Mr W has received the goods – and here, he hadn't received them. He felt Nationwide should have pursued it further, as there was a reasonable chance of success. He recommended it refund Mr W £4,000, as though the chargeback had been successful.

Nationwide responded to say that Mr W had contacted its disputes team within 120 days of the expected received date of 1 October 2023 (i.e. when the purchase was due to complete). But it said it hadn't received enough information from him. So, it called him on 10 January 2024, to explain how to send further information, and provided a link to its website.

Although Mr W then completed a form on 12 January, no additional evidence was provided,

so Nationwide couldn't proceed. This wasn't received until 27 March 2024, at which point the chargeback was raised, but was defended by the merchant as being out of time.

Our investigator looked at what Mr W had sent on 12 January 2024, where he said "I'm sending you a folder" – but no folder was attached. He felt that Nationwide should reasonably have contacted Mr W to ascertain whether he thought he'd attached it, or whether it was to be sent later. This was particularly so, given that Nationwide was aware of the timescales involved.

The complaint's now been passed to me.

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'm upholding it. It would appear, on the face of it, that the lodge didn't conform to contract. This is something that the merchant could have defended, had the chargeback been raised in time. However, it was not, so we can't know what would have happened. But, I'm satisfied there was a reasonable chance of success, given the evidence Mr W provided.

So, I've thought about why the chargeback was raised out of time. Taking 1 October 2023 as the relevant start date of the '120-day clock', Mr W did contact Nationwide within that time. And, Nationwide did tell him what he needed to submit. I'm persuaded, on balance, that Mr W believed he'd submitted this on 12 January 2024. Unfortunately, the file wasn't attached. It seems he was unaware of this until March 2024, when he chased things up.

Although I agree that Mr W made a mistake, it should also have been sufficiently clear to Nationwide that this may well have been the case. So, it should reasonably have contacted him, given the timescales. But it didn't follow the matter up. Instead, it was left to drift, resulting in the eventual chargeback being brought out-of-time. So, I think Mr W unfairly lost the opportunity for a successful chargeback.

For completeness, I note that I agree that section 75 doesn't apply, given that the value of the lodge was over £30,000. This is the case regardless of a lesser amount having been paid using the Nationwide card.

Putting things right

To put things right, Nationwide should refund Mr W £4,000, as if the chargeback had been successful.

My final decision

It's my final decision to uphold this complaint. I require Nationwide Building Society to refund Mr W £4,000, as if the chargeback had been successful.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 28 May 2025.

Elspeth Wood
Ombudsman