

## **The complaint**

Mr M complains about the way in which Bank of London and the Middle East plc handled two chargeback claims. The bank trades here as Nomo Bank.

## **What happened**

Mr M has accounts with Nomo in different currencies, including pounds sterling, Euros and AED. This complaint concerns two transactions: the first for €121.60 (or £103.59) for an online purchase of cosmetics; and the second for AED 2,055 (£441.18) for car hire.

The first payment was made on 30 May 2024. Although the goods were priced in Euros, Mr M's sterling account was debited. Nomo has explained that this was because, where there are insufficient funds in an account to meet a payment in the currency of a transaction, it will debit an account in a different currency where there are available funds.

Mr M contacted Nomo in August 2024 to raise a dispute. He said he had not received the goods. Nomo raised a chargeback request and credited Mr M's account, but the retailer challenged the chargeback and provided evidence which it said showed the goods had been delivered. Nomo accepted the retailer's evidence and debited Mr M's Euro account.

Mr M raised a complaint about the way Nomo had handled the chargeback. He said he should have been given the opportunity to challenge the retailer's evidence of delivery. He said too that his Euro account should not have been debited, since there were no funds in it.

Nomo said in response that it would refund the payment as a gesture of goodwill. And it explained that, whilst the original payment had been taken from his sterling account (for the reasons indicated above), chargeback rules meant that the re-debit had to be taken from the Euro account – because that had been the currency of the disputed transaction.

The second payment was made on 22 May 2024. Mr M has explained that he was told that it had not gone through properly, so he made the payment again, using a different card. However, the first payment had in fact been successful, so Mr M raised a claim with Nomo on 29 August 2024.

Nomo initially thought that this was part of the earlier claim, and so there was some confusion. Once the bank had understood the position, however, it told Mr M that the dispute had to be raised within 90 days of the payment. The last day on which it could have been raised as a chargeback claim was therefore 20 August 2024 – Mr M had not raised it until nine days later.

Mr M disputed that. He contacted Mastercard and some other banks, which told him that the time limit was 120 days. He complained that Nomo had not pursued a chargeback claim, even though he had raised the issue within the relevant time limits.

When Nomo did not uphold his complaint, Mr M referred the matter to this service.

One of our investigators considered what had happened but did not recommend that Mr M's complaint be upheld. He noted that Nomo had offered Mr M £150 in recognition of the fact

that it had not communicated with him as well as it should have done. He thought that offer was fair.

Mr M did not accept the investigator's assessment and asked that an ombudsman review the case.

### **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.

#### ***Chargeback***

Chargeback is a process by which some disputes between merchants and cardholders can be resolved through the relevant card scheme – in this case, Mastercard. It is not suitable for every issue that arises, but it does include provisions for dealing with disputes where a customer says that goods were paid for but not received and disputes where a customer says they paid for something twice. I have therefore considered how Nomo dealt with the two disputed payments here. I'll deal with each in turn.

#### ***The cosmetics purchase***

The dispute here was whether goods had been delivered. Nomo raised a chargeback request on the basis of what Mr M had provided, but the retailer said the goods had been delivered. It provided evidence which it said proved that.

I agree with Mr M that Nomo should have sought his comments on that evidence before deciding how to proceed. Of course, Nomo might have considered Mr M's further observations and decided not to pursue the matter any further in any event. But the best outcome for Mr M would have been that Nomo used his further evidence to pursue the claim and obtain a refund.

Instead, Nomo agreed to refund Mr M as a gesture of goodwill. So he is now in a position which is at least as good as – and quite possibly better than – he would have been if Nomo had handled the claim as he says it should have done. He has suffered no loss as a result of any failings on the part of Nomo. It would not therefore be fair to require Nomo to compensate him.

I note what Mr M said about how money was credited and then re-debited. But I think Nomo has adequately explained why it used both the sterling account and the Euro account in the chargeback process.

#### ***The car hire payment***

It is not in dispute that Mr M did not raise this issue with Nomo until 99 days after the payment. I believe that Nomo should have appreciated sooner than it did that this dispute was not linked in any way to the then existing claim which I have discussed above. I have therefore considered what effect, if any, that misunderstanding had on the chargeback claim. Nomo says that Mr M's first contact about the car hire payment was not made until after the relevant time limit had expired. I have therefore considered whether the relevant limit is 90 days (as Nomo says) or 120 days (as Mr M says).

The investigator set out the relevant rule (which appears at page 602 of Mastercard's Chargeback Guide). It sets out the timeframe for raising a chargeback where the customer says the merchant was paid twice for the same transaction – meaning payment was made

by two different payment methods. Duplicate payments (that is, payments made twice using the same method) are covered elsewhere.

To initiate a dispute for this reason the cardholder's bank must issue a "pre-compliance case" a minimum of 30 days before escalation as a compliance case. But it must also be submitted between 5 and 90 days from the date of the transaction. By the time Mr M contacted Nomo, therefore, it was too late for it to submit a pre-compliance case, which was itself a condition of escalation.

I can understand why Mr M thought that Nomo had 120 days to submit a chargeback request. That is the relevant time limit for a large range of chargeback reasons, but there is no single time limit which applies to all cases; they vary depending on the chargeback reason. No doubt that is why Mr M was told by Mastercard and others after the event that 120 days was the limit. And of course the 90-day limit for pre-compliance plus the 30 days minimum before escalation totals 120 days.

I believe however that Nomo was right in saying that it could not initiate a chargeback in this case. Had it done so, it is most unlikely it would have been successful.

In saying that, I make no comment on the underlying claim against the car hire business. I am not aware of any reason why, if Mr M has indeed paid twice, he should not seek reimbursement directly. My decision is concerned only with the actions of Nomo in dealing with the chargeback claim.

### ***Other matters***

In my view, Nomo could have handled both claims better than it did. In particular, I think it should have kept Mr M better informed about progress and it could have explained the processes better than it did. But I agree with the investigator that £150 is fair compensation in the circumstances, and I don't require Nomo to do any more to put things right.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 June 2025.

Mike Ingram  
**Ombudsman**