DRN-5363149

The complaint

Mr D complains about the way Nationwide Building Society ('Nationwide') handled his request for a refund.

What happened

As both parties are aware of the background to this complaint, I've summarised it here. This simply reflects our informal remit.

In July 2024, Mr D contacted Nationwide saying he'd had a number of payments taken improperly from his debit card by a vehicle hire company I'll refer to as 'T'. He said these payments were taken outside of the contract for the hire of a van. Nationwide initiated a chargeback but following T's defence, it declined to pursue matters further.

Mr D complained to Nationwide but when it maintained its position, he referred it to us. Our investigator concluded that in light of T's defence, Mr D's chargeback didn't have a reasonable chance of success. So, the investigator didn't think Nationwide acted unfairly or unreasonably for not progressing it further. Mr D disagreed. Amongst other things, he considered Nationwide had made its decision based on 'fraudulent documents' submitted by T. So, the matter has been passed to me for a 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.

It's important to point out here that we're an informal dispute resolution service. So, in deciding this complaint, I've focused on what I consider to be the heart of the matter rather than commenting on every issue or point made in turn. This isn't intended as a discourtesy to Mr D. Rather it reflects the informal nature of our service, its remit and my role in it. The key issues I'll need to consider is whether Nationwide acted unfairly when it didn't progress the chargeback following the defence from T.

The chargeback scheme is a voluntary scheme, which allows card issuers, on behalf of cardholders, to dispute payments for certain specified reasons set out by the card scheme operator. There is no obligation on a card issuer – here Nationwide – to raise a chargeback claim. And where a claim is raised the card issuer is bound by the card scheme provider's rules, which in this case is Visa. It is Visa – not Nationwide, who will ultimately arbitrate on a dispute between the merchant (T) and customer if it cannot be resolved between them after two 'presentments'. Such arbitration is subject to the rules of the scheme — so there are limited grounds on which a chargeback can succeed. I consider it to be good practice that a chargeback be raised if there is a reasonable chance of it succeeding.

I understand Mr D feels he has been charged incorrectly by T in that it acted outside the contractual terms in respect of the van hire. So, I think Nationwide acted fairly in Mr D's case by raising a chargeback under the nearest reason code which was 'goods/services not as described or defective'. But in my view, in light of T's defence, I don't think Nationwide acted unfairly here. I accept T didn't enclose a copy of the signed agreement it had with Mr D which it indicated it had done. However, it enclosed several other relevant documents including its (contractual) terms and conditions along with invoices showing the dates of the hire and the charges that had been made as well as a refund. These payments are for the hire of the van which Mr D doesn't dispute hiring.

T said that Mr D had been refunded the amounts he was owed – and I can see a refund was paid to him by T. The terms and conditions also say that deductions can be made for, amongst other things, late returns which appears to be what T alleges happened here. I know Mr D strongly disputes this – he says he had agreed with T's agent that he could return the van to another branch and due to an administrative error on T's part, this wasn't properly recorded. Mr D says this led to it appearing as if he hadn't returned the van when, in fact, he had. Mr D makes various other allegations about T's conduct and the service it provided to him.

I've taken on board everything that Mr D has said about this issue – and it's clear he feels very strongly about it. However, in looking at the actions of Nationwide as the provider of financial services, and the way it handled his request for a refund via the chargeback scheme, I think it acted fairly and reasonably. This is because based on the evidence T submitted in response to Mr D's chargeback request, there didn't appear to be a valid reason to continue to pursue matters. T provided what appeared to be compelling evidence that it had acted in line with its terms and conditions and that no further refunds were due.

I note Mr D says the defence documents T submitted were fraudulent. He also makes several allegations of T acting fraudulently more generally. But under the relevant Visa rule, any claim of 'fraud' can invalidate the chargeback. So, even if Nationwide had pursued this matter further, given the claims Mr D has consistently made about T's conduct, I don't think his chargeback would've succeeded for this additional reason. All in all, I think if Nationwide had pursued matters further, T would've continued to defend its position and Mr D would've continued to allege it had acted fraudulently. For all these reasons I don't think his chargeback had a reasonable prospect of success.

I want to reassure Mr D that I've taken everything he's said into account, including what he said about the other card payment with another card provider. And I'm extremely sorry to hear about the financial difficulties he says he's experienced due to his dispute with T. But I haven't been persuaded that Nationwide has made an error, or otherwise treated him unfairly, in the way it handled his chargeback request.

For all the reasons set out above, I'm not upholding this complaint.

My final decision

My final decision is that I don't uphold Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 8 September 2025.

Yolande Mcleod
Ombudsman