

## **The complaint**

Mr M complained because Nationwide Building Society refused to refund him for transactions he said he hadn't authorised.

## **What happened**

In early October 2024, Mr M was on holiday abroad. On 5 October, he checked his online banking, and saw two debits to a gambling firm. One was for £300 and the other for £100. Mr M did have an account with the gambling firm, but said he hadn't made these transactions. He rang Nationwide from abroad around 7.30am to report that he hadn't made these two transactions.

Nationwide refused to refund Mr M, and Mr M complained. Nationwide's final response to Mr M's complaint on 3 December said that it hadn't done anything wrong. It said it had confirmed that there was a full match from the gambling merchant to the details Nationwide held for Mr M, so it had declined his claim.

Mr M wasn't satisfied and contacted this service.

Our investigator asked both Nationwide and Mr M for more information.

Mr M told our investigator that he didn't have his Nationwide card details written down, and had kept his card on his person. His device was password protected. Mr M also provided our investigator with a printout from his account with the betting firm, which showed his recent transactions. On 2 and 3 October, he'd made four £10 bets, and he'd also paid in two £20 credits. Mr M pointed out that his account didn't show the disputed £300 and £100 payments from his Nationwide account as credits on his gambling account, so the disputed transactions hadn't credited his gambling account.

Mr M also provided a copy of his passport which had entrance and exit stamps showing where he'd been abroad, and when he'd been there. He said the betting account app wouldn't work abroad in the country where he'd been on holiday, so he couldn't have made the transactions.

Mr M also pointed out that the disputed transactions had been made using a mobile payment service from a different type of phone from the one he had. He said that he'd occasionally used the wallet on his type of phone, but his type of phone couldn't have used the mobile payment service used for the disputed transactions.

Nationwide didn't reply to the investigator's questions by the date set. She'd asked for the information we'd usually require on a disputed transaction case, including the technical computer evidence. As Nationwide had said in its final response letter that there was a match from the gambling merchant to the details it held for Mr M, the investigator also asked for that information. But Nationwide didn't reply, although the investigator chased for a response.

So the investigator upheld Mr M's complaint. She explained that the Regulations say that it was for Nationwide to demonstrate that any disputed payments were authenticated – and it hadn't done so. Nor had it provided the audit trail, or other information she'd requested. She noted that Nationwide had mentioned a different device being used to make the payments, but when she'd asked Nationwide for more information, it hadn't replied about that either. And Mr M's gambling account statement didn't include the £300 or £100 debited from his Nationwide account, so it didn't appear that they'd been sent to Mr M's genuine gambling account. So the investigator said she couldn't say that Mr M had authorised the disputed transactions. She said that she'd review any further evidence from Nationwide within the set timescale.

Nationwide didn't reply within the set timescales. When the time limit expired, the investigator chased Nationwide for a response. But Nationwide still didn't reply.

As Nationwide hadn't responded, Mr M's complaint was passed to me for an ombudsman's decision. Nationwide also didn't reply during the time when Mr M's case was waiting in the queue to be allocated to an ombudsman.

### **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.

#### *What the regulations say*

There are regulations which govern disputed transactions. The relevant regulations here are the Payment Services Regulations 2017. Section 75 of those Regulations says:

*“75.—(1) Where a payment service user—  
(a)denies having authorised an executed payment transaction;  
...  
it is for the payment service provider to prove that the payment transaction was authenticated, accurately recorded, entered in the payment service provider's accounts and not affected by a technical breakdown or some other deficiency in the service provided by the payment service provider.”*

The “payment service user” here is Mr M, and the “payment service provider” is Nationwide. So the regulations say that Nationwide has to meet the requirements of section 75 and provide the relevant evidence about the two disputed payments.

There are two stages when considering disputed transactions. The first stage is authentication, which is what section 75 is about. Authentication is the technical process. If the payment service provider supplies evidence to prove this, the second stage is called authorisation. Authorisation is about whether the customer consented to the payment. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them. But authentication, the technical part of the payments, comes first and is essential before going on to consider whether or not the customer authorised the payments.

Here, Nationwide hasn't provided evidence that the two disputed payments were authenticated. Nor in fact has it provided the requested evidence about the next stage, authorisation. I can see that our investigator requested the necessary information on a number of occasions, and she was clear and detailed about exactly what was required.

I've also checked the email address to which the investigator sent her requests and chase-up emails. When the initial email was sent to Nationwide asking for its file, it was sent to the same email address, and Nationwide then sent a copy of its final response letter in reply. So I find that Nationwide must have received the requests and chase-ups.

As Nationwide hasn't provided the necessary evidence, it hasn't satisfied the requirements of the Payment Services Regulations 2017 and is liable for the disputed payments. So I uphold Mr M's complaint.

### **My final decision**

My final decision is that I uphold this complaint.

I order Nationwide Building Society to pay Mr M:

- £400 in total for the two disputed payments; and
- Interest on the disputed payments at 8% simple from the date of debit, to the date of settlement.

If Nationwide deducts tax from the interest on the award, it must also provide Mr M with a tax deduction certificate to show how much it has deducted, in order to allow Mr M to reclaim the tax from HMRC if appropriate to his personal circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 May 2025.

Belinda Knight  
**Ombudsman**