

The complaint

Mr I complains about how NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (NatWest) handled his claim for a refund of a payment charged to his NatWest credit card.

What happened

I issued a provisional decision on 22 April 2025 that set out the background to this complaint:

“On 17 December 2023, whilst visiting Bulgaria, Mr I rented a car for one day from a rental company that I’ll refer to as “the merchant”. Mr I believed he had used his credit card to authorise a deposit of 600 BGN – but £266.35 was charged to his credit card account.

Mr I says he returned the car without any damage on 18 December 2023. Mr I says he asked the merchant to cancel the deposit’s authorisation, and was told this would happen. When Mr I checked his credit card account a few days later, he noticed the £266.35 charge.

Mr I contacted NatWest to dispute the charge in January 2024. NatWest raised a chargeback and temporarily credited £266.35 to Mr I’s account. But the merchant defended the chargeback, saying Mr I had returned the car with rear bumper damage. The merchant provided a copy of Mr I’s rental agreement, which said €300 would be charged. The merchant provided a checklist that it says was completed on the car’s return, which listed the damage. The merchant also provided a photo of the damage it says Mr I caused.

NatWest shared the merchant’s information with Mr I, who said the merchant had falsified the documents by noting damage (in English, rather than Bulgarian) after the car was returned. Mr I said the merchant had debited his account on 17 December 2023 rather than simply authorising the deposit, showing they intended to steal his money. Mr I noted the car was very old and in poor condition, and the damage the merchant claimed he caused would not cost €300 to fix.

NatWest re-debited the £266.35 on 21 March 2024, so Mr I complained. NatWest issued its final response on 26 April 2024. NatWest explained what had happened, and said it required proof that the car was returned undamaged before it would pursue the chargeback further.

Unhappy with this response, Mr I replied to NatWest. Mr I reiterated his complaint and said he was unhappy NatWest did not call him, as it had promised to do, before sending its final response. NatWest responded to Mr I on 3 May 2024, saying it tried to phone on 26 April 2025 using the correct telephone number. NatWest said it had carried out a full investigation into Mr I’s complaint and was unable to assist him further.

Mr I referred his complaint to our service, reiterating his complaint and saying he was not notified the £266.35 would be re-debited from his account. Mr I asked our service to report the crimes he says have been committed.

One of our Investigators reviewed Mr I’s complaint but didn’t uphold it. The Investigator thought NatWest’s decision not to pursue the chargeback further was reasonable. Our Investigator also explained NatWest could have considered a claim for any breach of

contract or misrepresentation on the merchant's part under Section 75 of the Consumer Credit Act 1974 (CCA) but this would have been unlikely to succeed.

Mr I did not accept our Investigator's opinion, so, this has come to me for a decision."

I then explained my provisional findings:

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

I've considered the information submitted by all the relevant parties but won't be commenting on it all – only what I consider to be crucial to the outcome of this complaint. This isn't intended as a discourtesy to either party but reflects the informal nature of our service.

My role here is to look at whether NatWest acted fairly in light of its limited role as a provider of financial services. In considering if NatWest has acted fairly, I've thought about how it could have helped recover Mr I's money. In that respect, I consider the relevant chargeback scheme and Section 75 of the CCA to be particularly relevant.

Should NatWest have pursued Mr I's chargeback further?

A chargeback claim is decided on the relevant card scheme's rules, rather than on the merits of the dispute between Mr I and the merchant. A chargeback is not a legal right and there's no guarantee the card provider will be able to recover a card holder's money from the merchant by raising a chargeback.

Here, the rules are set out by Mastercard and NatWest has no power to change them. NatWest raised a chargeback on the grounds that goods or services were not provided, or the merchant didn't honour the terms and conditions of a contract. As Mr I alleged no damage was caused by him, so the merchant was not entitled to charge him, I think this chargeback reason was suitable.

For a successful chargeback, it must be shown that the merchant did not honour the terms and conditions of the contract. The merchant defended the chargeback and, when this happens, it is possible to progress the chargeback to the card scheme's arbitration process. The arbitration process is decided by the card scheme, and the outcome is not guaranteed. But I think it's unlikely Mr I's case would have succeeded if put to arbitration based on the evidence available.

The merchant provided a copy of the rental agreement, which is written in English and Bulgarian. The rental agreement says a "guarantee deposit" can be paid through a credit card authorisation process. The agreement goes on to say that after returning the car in good condition, according to the handover protocol, the deposit is refunded by cancelling the credit card authorisation. The agreement indicates the deposit is paid only if using a debit card. I note Mr I said the merchant had debited his account on 17 December 2023 rather than simply authorising the deposit, showing they intended to steal his money. I have reviewed Mr I's credit card statement, which does show the transaction date was 17 December 2023. But the statement also shows the deposit was not posted until 18 December 2023 – after the car was returned with the damage documented by the merchant. On balance, I don't think the statement shows the merchant charged Mr I's account before the car was returned so I don't think this changes the outcome of his complaint.

The rental agreement goes on to list (in English) that Mr I had selected a one day rental, which cost €15. Below the €15 charge, it says "other charge 300€ according to general

terms and conditions p.2.1 and p.2.7.” The €300 surcharge is written in four places on the rental agreement. It does not appear that the merchant provided a copy of the full terms and conditions, but the rental agreement listing the charge appears to be signed by Mr I. So, on balance, I don’t think it was unreasonable to conclude that the rental agreement shows Mr I agreed to a charge of €300 if the car was returned damaged.

Mr I says it should be for the merchant to show the car was returned damaged. And I think NatWest was entitled to conclude that is what the merchant has done here. The checklist, which says there was new damage when the car was returned, appears to have been signed by Mr I. There is a photo of a scratch that corresponds with the damage recorded checklist.

Mr I alleged the merchant’s evidence is falsified, suggesting it was written in English for NatWest’s benefit, after the car was returned. But it is not NatWest’s role to investigate the veracity of the evidence supplied by the merchant, particularly as Mr I has not submitted evidence to support his allegations of fraud. And on the face of it, the rental agreement is written in English and Bulgarian, with all details relating to the day’s rental and charges written in English. So, I think it would not have been reasonable for NatWest to conclude that the details of the €300 charge being written in English is inconsistent with the rest of the rental agreement and checklist or that it being written in English supports Mr I’s allegation that the evidence supplied by the merchant was falsified. Without any persuasive evidence to support Mr I’s testimony, I think it was reasonable for NatWest to conclude the car was damaged upon its return to the merchant and the merchant was entitled to charge the €300 deposit.

As such, I think it was reasonable for NatWest to conclude the chargeback would be unlikely to succeed at arbitration and decline to progress it to this stage. Even if I were to accept that NatWest did make a mistake and should have pushed the matter further (likely to some form of pre-arbitration or arbitration run by the card scheme) it doesn’t change my findings here in any event. Because of the nature of the dispute and the arguments on all sides, including the limitations of the card scheme to investigate further, I would find it difficult to say the scheme is more likely than not to have ruled in Mr I’s favour. Because of this, I think NatWest was entitled to remove the temporary credit and I don’t think it is obliged to refund the payment taken by the merchant.

Should NatWest have accepted a claim under Section 75 of the CCA?

Section 75 of the CCA sets out that in certain circumstances, NatWest, as the finance provider, is jointly liable for any breach of contract or misrepresentation by the merchant as the supplier of goods and services. However, certain items are excluded from being covered, including “...any single item to which the supplier has attached a cash price not exceeding £100 or more than £30,000”. Here, Mr I contracted with the merchant to rent a car for one day, which had a cash price of €15. The deposit was an ancillary charge on the hire agreement. As the car hire cost falls outside the limits of Section 75, NatWest was not obliged to consider this claim.

NatWest's handling of Mr I's claim

As I have said above, I think NatWest's decision not to pursue Mr I's chargeback was reasonable and so I think it was entitled to re-debit his account. When NatWest told Mr I that the merchant had defended the chargeback, its email told Mr I he needed to take no action if he now accepted the charge. Below this, it says: "arrangements will be made to reverse any temporary refunds made to your account by 11 March 2024 which will be reflected on your next statement and our file on this dispute will be closed." However, Mr I responded to NatWest's email to explain he did not accept the charge. NatWest has not been able to provide evidence to show it clearly explained the deposit would be re-debited. It is clear the re-debit caused Mr I some upset, which I think would likely have been lessened if he had notice of the re-debit. I've seen no evidence of further inconvenience or financial hardship caused by the failure to give notice. To put things right, I think NatWest should pay Mr I £50 compensation for any upset caused.

I realise my decision is likely to disappoint Mr I. Mr I does not have to accept my decision and may choose to pursue the matter by alternative means, such as the courts, if he wishes.

Finally, I note Mr I has suggested our service notify the relevant authorities of the merchant's actions and our Investigator has already explained it is not our role to do so.

Putting things right

NatWest should pay Mr I £50 compensation."

NatWest accepted my provisional decision but Mr I did not. In summary, Mr I reiterated his summary of the complaint. Mr I highlighted he received no response from the rental company when he asked about the return of the deposit. Mr I stressed the rental car was insured, which should cover any damage. Mr I said I did not understand how car insurance or a policy excess works. Mr I reiterated he did not cause any damage to the car and questioned the cost of the car in its condition. Mr I said it was beyond doubt he was defrauded by the rental company and asked for £5,000 compensation.

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 reviewed the evidence provided by both parties afresh, my provisional decision remains unchanged. I will briefly comment on Mr I's response to my provisional decision – again, this is not intended as a discourtesy to Mr I but reflects the informal nature of our service.

Mr I has reiterated he did not cause any damage to the car, and that the cost of any damage was less than €300 but he has provided no new information here. In his response to my provisional decision, Mr I highlighted no mention of the damage was made when the car rental company called him in January 2025 and told him the refund would be arranged. Mr I previously submitted this evidence to our service before my provisional decision, so I was aware of it. However, the documentary evidence contradicts Mr I's testimony - the checklist, which says there was new damage when the car was returned, appears to have been signed by Mr I. There is a photo of a scratch that corresponds with the damage recorded checklist. Overall, I remain of the view that it was reasonable for NatWest to conclude the car was damaged upon its return to the merchant and it was therefore entitled to retain the €300, so there was no grounds to pursue the chargeback further.

Mr I says the insurance should cover the cost of any damage and he should not have been charged a guarantee deposit. For a successful chargeback, it must be shown that the merchant did not honour the terms and conditions of the contract. So, to raise a successful chargeback, the contract between Mr I and the rental company is key. In my provisional decision, I said the rental agreement goes on to list the €300 surcharge in four places on the rental agreement. So, on balance, I don't think it was unreasonable for NatWest to conclude that the rental agreement shows Mr I agreed to a charge of €300 if the car was returned damaged, regardless of whether Mr I thinks the rental company's insurance should cover any damage or the cost of the damage itself. I don't think it was unreasonable for NatWest to decide not to pursue the chargeback further.

Overall, I remain of the view it was reasonable for NatWest to decline to progress the chargeback to arbitration and it was entitled to re-debit the temporary credit from Mr I's account. I do think, however, that NatWest should have notified Mr I it would remove the re-debit and it has not been able to provide evidence it did so. So, whilst Mr I may want significantly more compensation, I remain of the view NatWest should pay Mr I £50 compensation for the reasons set out in my provisional decision.

Putting things right

NatWest should pay Mr I £50 compensation.

My final decision

For the reasons explained above, I require NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY to pay Mr I £50 compensation.

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

Victoria Blackwood
Ombudsman