

The complaint

Mr G complains Nationwide Building Society has not dealt fairly with his chargeback requests.

What happened

I am aware that made other complaints to our service. This decision will focus on Nationwide's decision to block and close Mr G's account. Mr G's complaint about Nationwide closing his account and how they handled his data subject access request (DSAR) will be dealt with separately.

Mr G had a personal current account with Nationwide.

Mr G has explained that he used his account to make online purchases for luxury clothing from a website I will refer to as Y. Mr G said he'd ordered clothing but didn't receive what he'd ordered, and received completely different items. He also said some of the items were damaged and soiled. After contacting Y to complain, Mr G took photographs of the items he'd received, which included photographs of the bar code labels attached to each item, he then returned the items that Y had delivered to him.

Mr G asked Y to refund him, but they refused. Y said it wasn't willing to refund Mr G. It said this was because the items Mr G returned weren't the same items he'd ordered. Y also said that the bar code labels on some of the items that Mr G had returned had been tampered with and some were missing. So, it believed Mr G was making false claims. And refused to refund him.

Following this, Mr G asked Nationwide to try and get his money back from Y. Mr G told Nationwide he'd complied with the returns processes, he could afford everything he'd bought, and the evidence he submitted showed Y had sent him items he hadn't ordered. So, he didn't understand why he hadn't received his money back.

Nationwide raised disputes through the system known as "chargeback", for two orders Mr G had made to reclaim Mr G's funds. Y contested the chargebacks, arguing that the goods Mr G had ordered had been delivered to Mr G's address and following this Mr G had returned different items to the ones he'd been sent. Y sent Nationwide photographs of the garments and shoes Mr G had returned. And highlighted that some of the bar code labels had been removed, and appeared to have been tampered with. Y said that the attached bar codes related to different products – in other words Mr G had switched the labels and returned different items. Based on this Y rejected the claims.

Nationwide wrote to Mr G to let him know that they'd been provided with evidence from the merchant and based on this that they were rejecting his claims. Nationwide also decided not to raise a chargeback requests for Mr G's other claims with Y as it didn't think they had a realistic chance of being successful.

Mr G contacted Nationwide on 4 July 2024 and said that he believed Nationwide hadn't conducted a thorough assessment of his claim based on all of the evidence he'd provided.

He said Nationwide hadn't properly challenged Y about the evidence it had presented and hadn't provided it to him so that he could have an opportunity to review it.

Nationwide told Mr G that Y had told them that the items Mr G had returned weren't sold by Y via its website. Mr G disagreed and said he had further evidence to provide and asked Nationwide to take his claims to arbitration.

Mr G sent Nationwide further evidence on 9 and 10 July 2024. After he didn't hear anything back, he called asking for an update on 15 July 2024, on 19 July 2024, and 20 July 2024. IN response, Nationwide told Mr G it would contact Mr G by 22 July 2024. Nationwide responded and said it wouldn't be looking into Mr G's claims any further. And that the chargeback claim had been declined correctly.

Mr G complained to Nationwide. He said each chargeback case should be investigated on its own merit. And said Nationwide weren't thorough enough in their investigation of his disputes. He argued that Nationwide should have contacted him with the merchant's response and asked for his thoughts. He said Nationwide haven't followed Visa rules, and there is no limit to the amount and frequency of the disputes that can be raised by a customer. Mr G also said Nationwide provided poor communication, misleading information, and he had to send emails several times to them about his claims which took extra time.

In response Nationwide said it hadn't done anything wrong when it declined Mr G's chargeback claims. And based on all the evidence provided by Mr G and Y it considered the matter to be a merchant/customer dispute. So, it wasn't willing to proceed to arbitration.

Nationwide accepted that it hadn't kept Mr G updated and paid Mr G £50 compensation. Nationwide also paid Mr G £75 compensation for poor service Mr G received on a call.

Mr G remained unhappy and brought his complaint to us. An investigator at our service decided not to uphold Mr G's complaint. In summary they said:

- Nationwide hadn't done anything wrong in how it dealt with Mr G's chargebacks and hadn't treated Mr G unfairly when it decided that there wasn't a realistic chance of success raising Mr G's other disputes.
- Nationwide didn't need to do anything more to put things right.

Mr G disagreed. In summary, he maintained that Y hadn't provided evidence that they hadn't sent him the items he'd returned. And didn't include important details. He also said that Nationwide should have allowed him the opportunity to see and comment on the evidence Y had provided to Nationwide.

As no agreement could be reached the matter has come to me to decide.

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 clear that Mr G has very strong feelings about this complaint. He has provided detailed submissions in support of his view which I can confirm I've read and considered in their entirety. However, I trust that Mr G will not take the fact that my findings focus on what I consider to be the central issues, and that they are expressed in considerably less detail, as a discourtesy. The purpose of my decision isn't to address every point raised. The purpose of my decision is to set out my conclusions and reasons for reaching them.

I would also point out that where the information I've got is incomplete, unclear, or contradictory, I've to base my decision on the balance of probabilities. I've thought very carefully about whether Nationwide dealt with Mr G's request for a refund fairly.

When a person buys goods or services using a debit card, there is no automatic right to a refund from their bank if something goes wrong with the purchase. However, a bank may be able to assist their customer through the dispute resolution system administered by the relevant card scheme. Disputes raised through this system are usually called "chargebacks". The card scheme sets the rules which govern whether or not a chargeback can be made, and whether it should be successful. These include rules about what kind of disputes can be made via a chargeback, what kind of evidence is required, and any time limits which apply to the process.

Chargebacks are not guaranteed to succeed – they can be contested by the other side to the dispute. Ultimately, if no side is willing to concede then the card scheme itself can be asked to make a ruling.

I would expect a bank to attempt a chargeback on behalf of a customer wishing to bring a dispute, so long as there was a reasonable prospect of the chargeback succeeding. I'd expect the bank to conduct the process in a competent way, without making mistakes. If the chargeback is contested by the other side then I would not expect the bank to accept an obviously wrong or invalid defence, but I would not normally expect it to continue pursuing the dispute in the face of a valid defence.

In Mr G's case, Nationwide felt that the defence from Y was compelling enough that it decided to concede the dispute and not take it any further. I've considered whether that was a reasonable thing for the bank to have done in the circumstances, paying attention to the rules of the card scheme involved (Visa).

If a chargeback is defended, Nationwide can make a second presentment for the chargeback, (pre-arbitration). If the chargeback is defended for a second time Nationwide can ask Visa to intervene and decide the outcome of the payment dispute. This final part is called arbitration. Mr G says Nationwide should have resubmitted his claim based on the evidence he provided. And taken his claim to arbitration. He says it was wrong of Nationwide to simply accept what Y told them about the transactions.

As Nationwide did attempt the chargeback initially it seems likely it thought there was a reasonable prospect of success. For this reason, I think it dealt with Mr G's claim fairly up to that point.

The merchant (Y) disputed that Mr G was entitled to a refund and provided compelling evidence that Mr G didn't return the goods it had delivered to him. It also appears that the bar code labels had been switched. Having looked at this evidence, I don't consider that there was a reasonable prospect of chargeback claims being successful in these circumstances. So, I'm not persuaded that Nationwide's decision to close two of Mr G's chargeback claims and decide not to pursue the others was incorrect.

The issue for me to decide is whether it acted fairly in choosing not to take the dispute to pre-arbitration or arbitration. Just like with the initial chargeback, there is no obligation on Nationwide to pursue arbitration through the chargeback process. Generally, most card issuers don't take a chargeback to arbitration. Nationwide didn't do so here because it didn't think it had any reasonable prospect of success. And having considered all the available evidence, I don't think that was an unreasonable or unfair decision.

Visa's rules say that one of the reasons a person can raise a chargeback is where they pay for goods using their card and the goods are not received. This is what Mr G said happened, and Nationwide raised the initial chargeback for him on that basis.

It's the role of this service to decide whether Nationwide acted wrongly in declining to take Mr G's chargeback further, not to decide exactly what happened to the packages Mr G received and returned. I find Nationwide's decision not to take the chargeback further was reasonable in the circumstances. This is because, as discussed above, the retailer was able to provide compelling evidence to dispute the chargebacks.

I should explain that Nationwide doesn't always have to raise a chargeback. There may be a variety of reasons why it doesn't. One of those reasons could be it doesn't think there is a reasonable prospect of the chargeback succeeding. Or it might think raising a chargeback would be inappropriate considering the individual circumstances of a customer and their account. I have carefully considered the outcome of Nationwide's chargeback investigation and its basis, as well as all the available evidence. And, when weighed together, I'm satisfied Nationwide's decision not to pursue Mr G's chargeback claim was reasonable. So, I can't say it has treated Mr G unfairly when it declined his chargeback claim.

I appreciate that Mr G says the onus is on Nationwide to raise chargebacks. And he says Nationwide should have taken his claim to arbitration. I disagree. Nationwide's overarching obligation is to treat customers fairly and to raise chargebacks where it has a reasonable prospect of success. I'm satisfied that is what Nationwide has done here.

Finally, Nationwide has accepted that it should have provided Mr G with better service during a call and didn't give him updates about his complaint and claim. It has paid Mr G a total of £125 compensation to recognise any inconvenience this caused him. I think this is fair and reasonable, so I won't be asking Nationwide to do anything more to resolve this aspect of Mr G's complaint.

In summary I realise Mrs G will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I won't be telling Nationwide to do anything more to resolve Mr G's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 13 August 2025.

Sharon Kerrison
Ombudsman