

## **The complaint**

Mr M and Mrs M are unhappy with how National Westminster Bank Public Limited Company (NatWest) handled a chargeback following the purchase of a car.

As Mr M has been handling this complaint and corresponding with NatWest, on behalf of himself and Mrs M, I will refer to him throughout this decision.

## **What happened**

The parties are familiar with the background details of this complaint, so I will briefly summarise the key points here. This reflects my role in resolving disputes with minimum formality.

On 28 April 2024 Mr M purchased a car for £1,550 using his NatWest debit card. At the time of purchase, he believed the only faults were a smashed wing mirror and a glow plug warning light. The dealer advised that the car had no warranty and was sold “as seen”, and Mr M said he didn’t receive an invoice.

Following a diagnostic test, Mr M was informed that the car had significant faults, including engine issues, and was not worth repairing. After failing to get a refund from the dealer, Mr M contacted NatWest in May 2024. A chargeback was raised, and a temporary credit was applied on 31 May 2024.

On 18 June 2024, the merchant (the dealer) defended the chargeback, claiming the car had been sold at a discount for “spares and repairs” and provided an invoice marked accordingly.

In July 2024 Mr M disputed this, stating the wording “spares and repairs” had been added to the invoice after he had signed it. As he wasn’t given a copy of the invoice, he couldn’t provide one, but he submitted a copy of the advert as evidence that the car was not as described.

NatWest escalated the case to pre-arbitration on 29 July 2024 arguing that the goods were faulty, that it was the merchant’s responsibility to collect it, and this case was eligible for a refund. The merchant rejected this on 7 August 2024, stating that the signed documents showed the goods were delivered as described. The case went to arbitration on 29 August 2024.

Mr M complained to NatWest, raising concerns about not being informed about arbitration, timescales not being explained, and how the lengthy process caused him additional costs for road tax and insurance.

On 19 November 2024 NatWest issued a final response rejecting the complaint. It found that staff had explained the next steps correctly and that arbitration updates weren’t part of its process. It didn’t accept liability for the extra costs incurred and explained that Mastercard outcomes were usually delivered within six months.

On 22 November 2024 MasterCard ruled in the merchant’s favour. NatWest debited

£1,550.00 on 10 December 2024.

Mr M made a further complaint to NatWest. In summary, he was unhappy about being incorrectly told that he hadn't responded to an email sent in July 2024, and that the case had been lost at pre-arbitration. He was also assured that the account wouldn't be re-debited during the investigation - but it was.

On 17 December 2024 NatWest acknowledged these errors, apologised and credited £100 for poor service. When the complaint was referred to our service, NatWest offered an additional £300, which Mr M declined.

The investigator initially considered NatWest's additional offer of £300 to be fair, stating that it had taken the claim as far as it reasonably could've, and that it couldn't be held responsible for Mastercard's decision to reject the chargeback.

When Mr M disagreed, the investigator reviewed the case again. While he continued to view the additional £300 offer as reasonable considering the service failings, he concluded that the chargeback had no realistic prospect of success under the card scheme rules, given the car was sold on an "as is" condition. He felt arbitration was unnecessary and that, had it not gone ahead, Mr M could've disposed of the car sooner and avoided paying road tax.

Mr M provided evidence of paying £16.62 a month in road tax and the investigator recommended that NatWest refund three months (£49.86) to cover the period from when the case went to arbitration until Mastercard issued its decision. The investigator didn't accept the insurance claim due to a lack of supporting evidence and Mr M's failure to mitigate the costs.

Mr M disagreed, arguing he should receive more compensation for the distress and inconvenience caused, as well as £997.52 in consequential losses for road tax and insurance.

As Mr M remained unhappy the case has now been referred to me to make a final decision.

I issued a provisional decision which said:

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

*While I might not comment on every point raised (only those I consider key), this is not meant as a discourtesy to either party. My role is to resolve disputes quickly with minimum formality.*

*There have been two final response letters issued by NatWest. As the issues raised in both are closely linked to Mr M's complaint referred to our service, I have considered them together in this single decision. If NatWest disagrees with this approach, it should confirm its position in response to this provisional decision.*

*Based on the evidence, Mr M's concerns fall into two main areas:*

- 1. NatWest's handling of the chargeback (including the claim for consequential losses).*
  - 2. Service failings by NatWest (including the re-debiting of £1,550).*
- 1. Handling of the chargeback (and consequential losses)*

*It's important to clarify that in this decision, I'm not determining the outcome of Mr M's chargeback. This has already been decided by the card scheme and this Service doesn't have the power to consider outcomes decided by the card scheme. Rather my role is to determine whether NatWest acted fairly and reasonably in how it handled the chargeback process.*

*As this case involved a debit card transaction, the only route available to Mr M to obtain a refund was through the chargeback process. The additional protections available under credit card purchases - such as those provided by Section 75 of the Consumer Credit Act 1974 - don't apply here. Since Mr M paid using his debit card, only chargeback is relevant here.*

*Chargeback is a process by which disputes are resolved between the card issuer and the merchant, under the relevant card scheme - in this case, the Mastercard scheme. It allows customers to ask for a transaction to be refunded in certain situations. There's no obligation for a card issuer to raise a chargeback when a consumer asks for one, and chargeback is not a guaranteed method of getting a refund, because chargebacks may be defended by merchants. Where there is a reasonable prospect of success, I consider it good practice for a card provider, like NatWest, to raise one to support its customer.*

*Here, NatWest raised the chargeback under the code "goods or services were either not as described or defective" which I consider was the most appropriate code to use under the circumstances. NatWest pursued the claim all the way to arbitration. Mr M has said that the process took too long and that, had he known it would take that long, he wouldn't have pursued it.*

*The chargeback was raised in May 2024 and referred to arbitration in August 2024. I don't consider a three-month timeframe to be unreasonable for a chargeback to progress to arbitration. While it then took a further two months for Mastercard to issue its outcome, this was outside of NatWest's control, so I can't hold it responsible for any delays following the referral to arbitration.*

*I have also reviewed several calls Mr M had with NatWest. On 24 May 2024, an adviser clearly told him the chargeback process could take up to six months. Later, in another call when arbitration was discussed, he was told that this stage could also take several months. The full process from May 2024 to MasterCard's final decision took about six months, which was consistent with what Mr M was told.*

*At no point did Mr M say he wanted to withdraw from the process. In fact, when NatWest mistakenly told him that the case had already been lost at pre-arbitration, Mr M was clear that he wanted it to be taken further during a call in December 2024, which shows he was committed to seeing the process through, even after several months.*

*The investigator suggested the case shouldn't have gone to arbitration, as a chargeback under the code for goods or services that were either not as described or defective, is generally unsuccessful when the condition of the goods is properly disclosed at the time of sale - such as when items are sold on an "as is" basis. However, I don't agree. The merchant defended the claim with an invoice marked "spares and repairs," but Mr M disputed this, stating the wording was added after he signed it and that he never received a*

*copy. He also maintained from the outset that the condition of the car had not been properly disclosed and submitted the original advert as new evidence.*

*Given the conflicting information and the new evidence presented, I don't consider it unreasonable that NatWest chose to pursue the chargeback further. If, based on the*

*available evidence, NatWest believed there remained a reasonable prospect of success, I am satisfied that its decision to pursue the claim further was justified. In my view, NatWest acted in line with its responsibilities and took all reasonable steps to support Mr M. Overall, I am satisfied that NatWest handled the chargeback process fairly and reasonably.*

#### *Consequential losses*

*Mr M is seeking reimbursement for road tax and insurance costs, arguing that these costs arose because the dispute process took so long. The investigator recommended that NatWest refund three months of road tax. As Mr M didn't agree with this, the case was referred to me for an independent review. And having done so, I don't agree that NatWest should cover these costs.*

*As explained earlier, I don't consider NatWest's decision to pursue the chargeback claim to arbitration as unreasonable. Nor do I find the overall time taken to be excessive, particularly given that Mr M was informed early in the process that it could take several months. Despite being informed at each stage that the merchant was defending the chargeback, Mr M chose to continue with it. If he had concerns about the timescales involved, he could have opted to stop the process earlier.*

*Additionally, Mr M could have taken steps to mitigate his losses, such as declaring the vehicle off-road (SORN) or adjusting his insurance cover. While I accept, he may not have considered these options, they were available to him and he could have taken steps to reduce his losses.*

*For these reasons I am satisfied that NatWest acted fairly in its handling of the chargeback, and I don't consider any payment needs to be made in respect of the road tax or insurance costs.*

#### *2. Service failings (including re-debiting of the account)*

*Once MasterCard ruled against the chargeback, NatWest was entitled to re-debit the account. However, I accept that NatWest had previously told Mr M the account would not be re-debited and didn't give him sufficient notice to ensure there were enough funds available. As a result, the re-debit caused the account to go overdrawn. Although NatWest froze fees and interest so that Mr and Mrs M were not left worse off financially, I recognise this would've caused frustration and inconvenience.*

*NatWest has acknowledged service failings, including poor communication, and paid £100 compensation and offered a further £300. While I appreciate Mr M feels more should be awarded, I consider a total of £400 to be fair and reasonable in the circumstances. This amount appropriately reflects the inconvenience caused by the re-debit and other service issues, whilst also recognising that NatWest pursued the chargeback as far as it reasonably could and did so within a reasonable timeframe.*

#### *My provisional decision*

*National Westminster Bank Public Limited Company has already paid £100 to Mr and Mrs M. It also offered an additional £300 to settle the complaint. Having considered the circumstances, I am currently minded to say that I consider this offer is fair and that National*

*Westminster Bank Public Limited Company should pay a further £300 to Mr and Mrs M.*

*NatWest responded and accepted my provisional findings.*

Mr M responded, explaining that the vehicle was not declared off-road, nor was the insurance cover reduced, because he had no access to off road parking. This meant the car had to remain taxed and insured. He chose to maintain full comprehensive cover to protect against potential incidents, such as an uninsured driver colliding with his car. Mr M concluded for these reasons the consequential losses were unavoidable.

### **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.

I have considered Mr M's further comments regarding why he was unable to mitigate his losses relating to road tax and insurance. While I appreciate that these costs were incurred, this doesn't persuade me that NatWest is responsible for them.

As set out in my provisional decision, I don't consider NatWest's decision to support Mr M's claim by pursuing the chargeback to arbitration unreasonable, given the information it had, nor do I consider the overall time taken excessive. The overall process took around six months, which was consistent with the information NatWest provided to Mr M at the start of the chargeback process and during subsequent calls. While the process took longer than he would have liked, Mr M was ultimately informed of the likely timescales. So, while I can appreciate Mr M's reasons for needing to maintain road tax and insurance, I don't consider NatWest responsible for these costs.

In relation to the service issues, including the re-debit and the incorrect information provided to Mr M during the chargeback process, no further evidence has been presented to persuade me to depart from my original findings in the provisional decision. I therefore consider the total of £400 offered by NatWest to be fair and reasonable in the circumstances. It fairly reflects the inconvenience and frustration caused to Mr M, while recognising that NatWest otherwise acted fairly in handling the chargeback.

### **Putting things right**

NatWest has already paid £100 to Mr M and Mrs M. It offered an additional £300 to settle the complaint and having considered the circumstances, I consider this fair.

### **My final decision**

For the reasons set out above, it is my decision to uphold Mr M and Mrs M's complaint, and I direct National Westminster Bank Public Limited Company to pay a further £300 to Mr and Mrs M.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 17 October 2025.

Farhana Akhtar  
**Ombudsman**