

The complaint

Mr B complained about the way Nationwide Building Society dealt with a dispute he raised for two mobile phones he bought using his debit card on his Nationwide current account.

What happened

Mr B bought two mobile phones from a store I'll call C, for a total of £2,700 using his Nationwide debit card in December 2023. He said the phones were meant to be of an "A" grade standard but the batteries weren't at 100% capacity. He said that he contacted C's customer service department via email and asked that the phones were either repaired or replaced and if this wasn't possible to get a refund. Mr B said that C's customer service agreed. Mr B said he sent the phones back using a return label from C a few days later.

Mr B said that C's customer service department emailed him to say that it wasn't possible to replace the phones, and it didn't have the time to fix them, so it told Mr B to return to the store where he bought the phones to get a refund. However, Mr B said when he returned to the store, he was told that it wasn't aware of the arrangement Mr B came to with the customer service department and the store didn't refund him.

Mr B raised a chargeback claim with Nationwide at the end of April 2024. On receipt of this, Nationwide asked Mr B for additional information, which Mr B emailed it early May 2024. However Nationwide then declined to raise a chargeback based on the information it received and said it didn't fit the chargeback categories.

Unhappy with Nationwide's position Mr B raised a complaint. Nationwide reiterated its position, explaining that it didn't have enough information to progress a claim and explained what information was required to process a chargeback claim. It said it required information that was on letter headed or email and if the refund was done in store, it would accept a void receipt from C. Mr B forwarded the email he said he received from C's customer service department to Nationwide's complaints team but didn't get any further response.

As Nationwide didn't process a chargeback, Mr B referred his complaint to our service.

An Investigator reviewed Mr B's complaint but didn't uphold it. He considered the chargeback rules which may have been used to raise the chargeback but didn't think Mr B supplied sufficient evidence for the claim to have reasonable prospect of success. He considered Nationwide's actions in its communication with Mr B and the information it asked for and he didn't think it acted unfairly.

Mr B disagreed. In summary he said:

- He was unhappy that Nationwide said it would reconsider the chargeback claim if he provided information as detailed in its final response, however, when he sent the email from C stating that it would give him a refund and the amount, including the last 4 digits of his card, which the refund should be made to, it didn't respond.

- He was unhappy with how the Investigator considered how strong the evidence he provided was instead of focusing on Nationwide's failure to action the chargeback.
- He wanted Nationwide to raise the chargeback as he thought the time limits for the chargeback rules allowed this and if this wasn't possible Nationwide should refund him the money as it didn't raise a chargeback.

I issued a provisional decision that said:

Where evidence is incomplete, inconsistent or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available evidence and wider circumstances.

It's clear Mr B feels strongly about this matter, and I mean no discourtesy where I haven't commented on each individual point he has raised. I've focused on what I consider are the key elements of the complaint. I'm not considering a complaint about C, but rather I am looking at Nationwide as the financial services provider and considering if Nationwide has acted fairly and reasonably in the way it handled Mr B's request for his money back.

In certain circumstances a card issuer can raise a chargeback dispute under the relevant card scheme rules, in this case it's the Visa scheme. This is where the cardholder has a dispute with the merchant, but this is subject to strict rules and there is no guarantee that the card issuer will be able to recover the disputed amount.

While it is considered best practice for a card issuer to pursue a chargeback when the relevant criteria are satisfied and there is a reasonable prospect of success, such actions must comply with the specific rules of the applicable card scheme. If these conditions are not met, a chargeback is unlikely to be successful. And something going wrong with a merchant won't always lead to a successful claim. In this instance, Nationwide didn't think that initiating a chargeback would have had a reasonable prospect of success based on the evidence it had. I agree and will explain why.

I've considered the requirements under the most relevant rules such as "Credit Not Processed" and "Not as Described or Defective Merchandise/Services". Having done so I'm minded to say that I don't think it's unfair Nationwide didn't raise a chargeback claim under the requirements for the rules "Credit Not Processed" but for slightly different reasons to the Investigator.

The rules say that a chargeback can be raised if "The Cardholder received a credit or voided Transaction Receipt that was not processed." The other criteria refer to ATM transactions, so I don't think these are relevant.

Mr B explained that he provided evidence when he raised his dispute and forwarded a copy of the email he received from C which details a refund was agreed and he was required to go into store and show the email for the refund to be actioned to Nationwide. However, I don't think this would likely have met the requirements for a chargeback to be raised under this rule. This is because this doesn't meet the definition of a credit transaction receipt which is defined as "A Transaction Receipt evidencing a Merchant's refund or price adjustment to be credited to a Cardholder's account." Also, it's not a transaction receipt which is voided.

So, I don't think it's likely a valid claim could be raised under this rule. Additionally, I've noted the time limits for this rule state: "A Dispute must be processed no later than 120 calendar days from either:

- *The Transaction Processing Date*
- *The date on the Credit Transaction Receipt²³*

²If the Credit Transaction Receipt is undated, the date the Cardholder cancelled services or returned the merchandise

³Not to exceed 540 calendar days from the Transaction Processing Date”

Mr B raised the chargeback claim more than 120 days from the transaction processing date. I think it was fair of Nationwide to ask him to provide a void receipt with the company name on to consider if a claim could be raised under this rule. Without this or a credit transaction receipt showing that a refund was processed back to Mr B's debit card, I don't think it was unfair that it didn't attempt to raise a chargeback using this rule.

Moving on to the condition “Not as Described or Defective Merchandise/Services”. Based on the time limits for this rule I think there was a possibility of raising a valid claim provided the criteria was met.

Mr B has provided evidence to show that he returned a package including a receipt to show it was sent to an address and a screenshot to demonstrate the battery capacity and screenshots of the communication he had with C telling him to go to get a refund in store. So, I think Mr B provided Nationwide with enough information for it to consider raising a chargeback claim. However, I've also thought about whether or not there was a reasonable prospect of success if Nationwide did initiate a chargeback.

As the evidence is limited, I reached out to C to ask what its position would be if a chargeback claim was raised as well as its position on the refund process. C said it didn't have a record of Mr B contacting its customer service team regarding the purchase and explained store returns are required to be made back to a store. As C has said that it doesn't have a record of Mr B contacting it, I think even if there may have been grounds to raise a chargeback, I think there would've been a valid defence as I can't safely conclude that a refund was agreed or the conditions for the rule were met. Based on the evidence I've now received; I can't conclude that if a chargeback claim was raised there was reasonable prospect of success as its likely C as the merchant would have submitted a rebuttal. So, I don't think Nationwide acted unfairly by not raising a chargeback claim.

One of Mr B's key concerns is that after the final response letter was issued, he sent further evidence to Nationwide, but didn't get a response. He sent a copy of the email he received from C saying that it was unable to replace the phones and couldn't fix them and it would provide a refund, but as Nationwide didn't respond he feels he has lost an opportunity to get his money back through the chargeback scheme. However, as I've explained above, I don't think Nationwide would have been able to raise a chargeback as it was out of the time limits allowed under the rule “Credit Not Processed” and I'm more satisfied than not that there was no reasonable prospect of success as C is likely to have defended a chargeback claim for the condition “Not as Described or Defective Merchandise/Services”. I don't think it would have been able to do anything more in respect of the chargeback process.

Nationwide acknowledged the additional information provided by C, but didn't provide any further comments in response to the provisional decision.

Mr B disagreed with the provisional decision. He made a number of points, I've summarised these below:

- He said that he didn't think he raised a chargeback out of time. He said that the transaction processing date was 25 December 2023 and he raised his chargeback on 23 April 2024, or a few days earlier which meant he was within the time limits, and Nationwide didn't give this as a reason why it didn't raise the chargeback claim.
- Nationwide didn't tell Mr B that it didn't think the claim would be successful but asked

him to send information – which he did but then didn't get a response.

- He was unhappy that my provisional decision was based on probability, and said he thinks this is as a result of Nationwide failing to progress the chargeback and letting the card scheme decide. Nationwide didn't give Mr B the opportunity to use the chargeback process to decide his claim.
- Mr B said his dispute wasn't about being promised a refund but rather about goods being faulty, not as described and returned and referred to the warranty – he said he provided evidence to show the fault, the return dates, evidence of postage and a detailed description of what was wrong. He said he did what was expected by Visa to raise a claim, including being told he would get a refund.
- He said that Visa determined chargeback based on the supporting evidence provided and he had done this.

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.

Mr B has submitted a detailed response to my provisional decision. I recognise his strength of feeling and I've read and considered everything he's said, but I've summarised the key points here. While I haven't addressed every single point, I've focused on what I think are most relevant. This isn't intended as a discourtesy to either party, but reflects my role in resolving disputes informally.

I think it's important to make clear, at this point that I'm not upholding Mr B's complaint. I understand this may be disappointing to him. However, my role is to resolve matters informally, and he's not required to accept this decision and can instead choose to pursue more formal steps, such as legal action through the courts.

I've noted Mr B's comments in regard to the time limits for the chargeback rules. I still don't think Mr B raised his dispute in time for the chargeback rule "Credit Not Processed". Mr B has said that the transaction processing date was on 25 December 2023. While I understand why he thinks it's this date - the transaction is shown on his statement as debiting his Nationwide account on this date, however there is a note to say it was effective on 24 December 2023. Usually, the transaction processing date will be the date the merchant processed the transaction. As Mr B paid for the phones in the evening on 23 December 2023, I think it's more likely than not C would have processed the transaction the following day and this is reflected on Mr B's account statement.

I accept Mr B contacted Nationwide on 23 April 2024 to raise his dispute, I haven't seen any evidence to show he contacted it earlier than this date about this chargeback claim.

However, based on the information I have available, I think Mr B contacted Nationwide more than 120 days from the transaction processing date. I agree the time limits were finely balanced, however, I also think one of the key requirements for the rule "Credit Not Processed" wasn't met. Mr B said he was promised a refund from C and this is what is required by the card scheme to consider raising a chargeback. I've detailed why I don't think a chargeback could have been raised under "Credit Not Processed" in my provisional decision, so I won't repeat it again here. I don't think there was sufficient evidence to meet the criteria for this rule, which meant a valid claim could have been raised, even if it was brought in time.

Mr B said he proved that the goods were faulty, described what was wrong and provided evidence of the date he returned the phones. He thinks this was enough for Nationwide to

raise a chargeback and said why he thought he met the time limits under this rule. I explained why I thought there was a possibility of raising a chargeback claim under the rule “Not as Described or Defective Merchandise/Services” based on the time limits previously.

Mr B has said he thinks Visa would have upheld the chargeback claim. This is because he provided enough evidence that was required for a chargeback to be raised. He also said that C’s absence of a record of its communication with him wasn’t valid evidence. And because Nationwide didn’t progress the chargeback, he has a loss of opportunity.

I appreciate Mr B’s emphasis on what he thinks might have happened if Visa were to determine the chargeback claim, if it was raised. However, I’m not minded to change my position. This is because I can’t ignore the communication I received from C – which both parties have had sight of. Mr B has said he provided evidence to demonstrate there was a fault and C agreed to a refund because it couldn’t fix it, so he returned the phones by post. However, C has said it doesn’t have a record of Mr B contacting its customer service department and said that its policy for store orders, is that they must strictly be returned to a store. It also said it doesn’t advise customers to return store purchases via post. C has raised concerns about the evidence of communication Mr B presented to Nationwide not being a genuine interaction. There’s a lot of conflicting information, I think this makes it really difficult for me to get to the bottom of things. Mr B also hasn’t provided a plausible explanation for why C said that.

The rules broadly state before Nationwide initiates a chargeback Mr B needed to show that he returned or attempted to return the merchandise. However, based on the evidence provided I think C would have challenged this to say that Mr B didn’t contact it to return the phones and that the customer services wouldn’t have agreed to a refund by email and would have asked Mr B to return the phones in store.

So, whilst Mr B may think that he had done enough to support a successful chargeback claim, I’m satisfied that had a chargeback been raised under the rule “Not as Described or Defective Merchandise/Services”, C is likely to have rebutted the information presented. Therefore, I don’t think Nationwide acted unfairly by not raising a chargeback claim.

Mr B said that Nationwide didn’t tell him that it didn’t think a claim would be successful or that it was transparent with its responses after he sent it information that it had requested. I understand Mr B has said he thinks Nationwide failed him as a customer. I must remind Mr B that a chargeback claim is not a legal obligation, and Nationwide does not have to raise one. I don’t think it’s unreasonable that Nationwide considered the evidence provided to assess if the chargeback would be successful. It told Mr B in its final response letter that the evidence Mr B provided was not sufficient to progress the claim. I’m persuaded that Nationwide told Mr B in a clear way that the evidence he gave at that point wouldn’t result in a successful claim. I agree that Nationwide should’ve acknowledged the information Mr B sent after the final response letter was issued. However, as C said the communication doesn’t seem to be genuine, I’m not persuaded Nationwide need to do anything for not acknowledging it.

I’ve noted Mr B’s comments about my use of balance of probabilities to reach a conclusion because Nationwide didn’t pursue a chargeback claim. As I’ve mentioned my role is to resolve matters informally, and I don’t need to determine matters on absolute certainty. I’ll never know exactly what Visa might have said if a chargeback was raised. But as the chargeback scheme isn’t a consumer right, I’ve based my decision on what I believe to be fair and reasonable in light of the evidence available.

For the reasons I’ve set out already in my provisional decision and above, I’m satisfied that Nationwide didn’t act unfairly. I don’t direct Nationwide to refund Mr B or take any further action.

My final decision

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 B to accept or reject my decision before 7 August 2025.

Amina Rashid
Ombudsman