

The complaint

Miss L complains that Nationwide Building Society will not refund a payment made with her credit card, after building work was not carried out to a satisfactory standard.

What happened

Miss L and her partner wanted to remodel their home. Their plans included significant building work, including the installation of new doors and windows. They engaged a company, which I'll call "P" to carry out the work.

New doors and windows were installed in April and May 2024. The total price was £34,500, of which Miss L paid £8,000 using her Nationwide credit card. It appears that Miss L has withheld some of the price, although that does not make any difference to my overall findings.

Miss L was not happy with some of the work, and an agreement was reached with P that some remedial work was needed.

Before that work could be arranged, however, Miss L instructed a surveyor to inspect the installation – having become concerned that it was not of satisfactory quality and that the snagging work agreed would not remedy the problems with it.

The surveyor produced a report which concluded that there were a number of problems with the installation of the windows. The principal issue was that the window frames were, the surveyor said, too small for the window openings. Because of that, expanding foam had been used to fill the gaps, and some of the brackets which fixed the frames to the walls had been distorted. He recommended that the windows be removed and replaced.

P did not accept the surveyor's findings. It noted that they had been based in part on the observations of a competitor firm and that, contrary to what had been discussed with Miss L, P had not been given the opportunity to attend the inspection.

P disputed that the work was not of a satisfactory standard – save to the extent of the snagging it had agreed to carry out. It said that the gaps between the frames and the walls (which in places had been filled with expanding foam) were within normal tolerances. Once the building had been rendered, there would be no visible gap. P reiterated that it remained willing to carry out the previously agreed remedial work.

Miss L did not accept P's offer, which, she said, did not meet the surveyor's recommendations. She referred the matter to Nationwide. It placed the £8,000 card payment in dispute and, in August 2024, applied a temporary credit to Miss L's account.

Nationwide made a chargeback request through P's bank, but P defended its position, on the grounds that it had made a reasonable offer to resolve matters. Nationwide decided not to pursue the matter any further.

Nationwide also considered whether Miss L might have a valid claim under section 75 of the Consumer Credit Act 1974 ("section 75"). It concluded that she did not, since the total value of the contract was more than £30,000.

In December 2024 Nationwide reversed the temporary credit which it had applied to Miss L's account. That took the account balance several thousand pounds beyond Miss L's credit limit. As a result, Nationwide chased Miss L to bring the account back within the agreed limit.

Miss L referred the matter to this service, where one of our investigators considered what had happened. He agreed that Miss L did not have a claim under section 75. He did however think that Nationwide should have pursued a chargeback claim further than it had done and that, had it done so, the claim was likely to have been successful. He recommended therefore that Nationwide should refund the £8,000 payment (backdating the credit) and pay Miss L £500 in recognition of the distress she had suffered and the inconvenience to which she had been put.

Miss L accepted the investigator's recommendation, but Nationwide did not. It said that its decision not to pursue a chargeback claim had been reasonable in the light of the offer P had made. The case was therefore passed to me to consider further.

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.

Section 75

The relevant parts of section 75 say:

75 Liability of creditor for breaches by supplier.

(1) If the debtor under a debtor-creditor-supplier agreement falling within section 12(b) or (c) has, in relation to a transaction financed by the agreement, any claim against the supplier in respect of a misrepresentation or breach of contract, he shall have a like claim against the creditor, who, with the supplier, shall accordingly be jointly and severally liable to the debtor.

...

(3) Subsection (1) does not apply to a claim —

(a) under a non-commercial agreement,

(b) so far as the claim relates to any single item to which the supplier has attached a cash price not exceeding £100 or more than £30,000 ...

In many cases, a customer who pays for goods or services with a credit card and who has a claim against the supplier can bring that claim against the card issuer as well. In this case Nationwide concluded that the exception in section 75(3)(b) applied because the overall contract was valued at more than £30,000.

In fact, the overall contract price is not the key factor in deciding whether section 75 might apply. The financial limits apply to the price attached to each "*single item*". So, a contract made up of a number of items, each priced between £100 and £30,000, could fall under section 75, even if the total was much more than £30,000. In this case, however, P did not break the contract down in that way. The price agreed was an overall one for the supply and fitting of all the doors and windows. For that reason, I agree that Miss L does not have a claim under section 75.

Miss L says that Nationwide should have identified that and told her earlier that she did not have a claim. I am afraid I don't agree with her on that point. As I have indicated, whether section 75 could apply depends in part on how the supplier sets out the contract and any invoice – not simply on the amount paid, either on the card or in total.

The issue was further complicated in this case by the fact that P's invoice was for only £26,000. A further £8,500 was to be paid in cash but was not included on the main invoice. It was evidenced only in messages between P and Miss L.

Chargeback

Where goods or services are paid for with a debit or credit card and a dispute arises, it is sometimes possible to resolve that dispute through the chargeback process. Chargeback is a scheme run by the card schemes (in this case, Visa). A card issuer (here, Nationwide) raises a claim through the scheme against the merchant's provider of card facilities. That provider will then consider whether the claim meets the relevant criteria for chargeback (if necessary, seeking evidence from the merchant) before responding to the claim. Where necessary, the scheme provides for arbitration between the financial businesses.

There is no legal or regulatory obligation on a card issuer to pursue a chargeback claim, but this service takes the view that they should do so where there is a reasonable prospect of success.

Nationwide initiated a chargeback in this case, but did not pursue it – on the basis of P's response that it was prepared to carry out remedial work. Our investigator took the view, however, that the surveyor's report explained why that would not be sufficient and why much more work was needed to put things right.

I have noted what P said in response to the surveyor's report, including its comments about the impartiality of its competitor who contributed to it. There is clearly some disagreement about the appropriate or acceptable gap between the window frames and the walls; neither the surveyor nor P provided clear evidence of an industry standard.

I do however find the report fairly persuasive. The photographs included in it show large and differing gaps filled with expandable foam, as well as bent and twisted fixing brackets. Some of those brackets do not appear to be firmly fixed to both wall and window frame.

In the circumstances, I am minded to agree with the investigator that, had Nationwide pursued the chargeback process to the next stage, it would have been successful. Whether or not the overall conclusion – that all the windows needed to be replaced – was correct, it does not appear to me that the remedial work offered by P would have been sufficient to resolve matters.

Service issues

Miss L has raised a number of issues about the way in which Nationwide handled her claims. I have already indicated that I do not believe Nationwide was at fault for not identifying sooner that section 75 did not apply. Nor do I believe it can be fairly criticised for not raising a chargeback sooner than it did. I was not really in a position to do so until the surveyor's report had been completed.

However, I do agree with Miss L that collections activity was not handled as well as it could have been. The reason Miss L's account balance exceeded her credit limit was unusual (the re-debiting of the £8,000 card payment), and the timing was out of Miss L's control. That

should have been apparent to those handling the collections, and Miss L should not have had to explain the position each time she was contacted.

I agree therefore with the investigator that some compensation is merited for that, and for the way in which Nationwide handled the chargeback request.

Putting things right

Because I believe the temporary credit applied to Miss L's account should not have been reversed, it is appropriate to require Nationwide to rework Miss L's account as if it had not been. It should do so with effect from 3 January 2025, the date on which the temporary credit was (in my view, incorrectly) reversed. Backdating the credit in that way will also ensure that any interest or charges incurred as a result of the reversal are also refunded.

Because Miss L made payments to her account following that reversal, it's likely that reworking the account will leave it in credit for some periods. Miss L should receive interest on the account for any of those periods, since she has, in effect, used funds from elsewhere to pay a debt which should not have been on her account.

My final decision

For these reasons, my final decision is that, to resolve Miss L's complaint in full, Nationwide Building Society should:

- credit Miss L's credit card account with £8,000.00 with effect from 3 January 2025;
- pay her interest on any resulting credit balance at 8% a year simple until the date of acceptance of this determination; and
- pay Miss L £500 in recognition of the inconvenience to which she has been put and distress she has suffered (after deduction of any payment already made in respect of those matters).

Whilst it does not form part of my award, I recommend that, if Miss L's account remains in credit after the reworking, Nationwide should pay any credit balance to Miss L.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 12 August 2025.

Mike Ingram
Ombudsman