

## The complaint

Mr S is unhappy that Nationwide Building Society (Nationwide) won't reimburse two payments he made, that he said were lost due to a purchase scam. He is also unhappy that they didn't refund his payments through claims he made under section 75 of the Consumer Credit Act.

## What happened

Mr S made 2 payments using his Nationwide credit card to a shop whilst he was on holiday in another country. He has described to our service what happened in detail, what happened when he made these payments and the circumstances, he found himself in. The premise was that he had paid for 2 rugs, in addition to a third rug that he had paid with a card, issued by another firm.

Mr S made two payments on 18 August 2024, for £2,500 and £2,000. Mr S said he received a defective rug later, shipped to him, associated with the first payment for £2,500. He said, he received nothing in return for the second payment, and it has been claimed by the shop in question, that he walked out on the day with a rug (and a second rug paid for by the payment to the other firm). This is something Mr S strongly refutes.

In August 2024, Mr S raised card payment disputes and a complaint to Nationwide that it failed to protect him from a scam. Mr S would like a full refund for these two payments either from the card payment disputes that he initially made or from Nationwide as it failed to protect him from what he thinks was a scam.

Nationwide said Mr S raised a section 75 claim but both disputes were declined. It said it issued a final response in December 2024, not upholding his complaint but it did pay £100 compensation for the distress and inconvenience caused by it giving him the wrong information. It said Mr S's claims were declined as it was unable to determine if the merchant had breached their contract.

Unhappy, Mr S brought his concerns to our service to investigate. The investigator didn't uphold Mr S's complaint and said he was not persuaded Mr S's complaint met the definition of a scam. He said he hadn't seen enough evidence that a scam occurred and instead Mr S purchased goods and the seller was looking to provide the goods.

The investigator said, if he were to conclude there was a scam, he didn't think Nationwide ought to have carried out an intervention for either of the payments anyway. He said he couldn't see that either payment would have shown as being a risk to Mr S and it would have shown that he was simply making purchases whilst on holiday, that he authorised. He said, even if Nationwide had made an intervention, he thinks its unlikely that anything would have stopped Mr S from going ahead with the payments anyway.

The investigator listed out what the criteria was for a section 75 claim and then went on to conclude Nationwide's payment for distress and inconvenience was appropriate in the circumstances. He didn't uphold Mr S's complaint.

Mr S asked that an ombudsman look at his complaint, and so it has been passed to me to look at afresh, again. He sent a detailed response and made the following points:

- There are two separate issues relating to two separate claims. Nationwide conflated these into one and so did our service.
- The wrong head of complaint (APP scam) was applied and restricted the scope of our review.
- No explanation was given as to how either claim for a refund failed under section 75 of the consumer credit act.
- Compensation of £100 provided did not relate to the issue mentioned in the investigator's correspondence.
- Fraud was raised in the initial claim to Nationwide in around August 2024 and not December 2024, incorrectly mentioned.
- No assessment was made by Nationwide or the investigator as to the credibility of the claim that Mr S physically left the shop with multiple carpets on his person later claimed by the vendor. This claim was key to the sale being seen as valid.
- It is unclear whether Nationwide provided information to our service, or whether the assessment was purely on information he provided.
- There was a lack of consideration given to previous transaction history on his account, in establishing whether the payments should have been queried prior to authorisation.

The investigator went back to Nationwide and asked them about Mr S's declined claims under section 75 of the consumer credit act. Nationwide responded and said:

- Regarding the payment of £2,000, Mr S's complaint was not that there was a breach of contract of the goods he bought. It was that he made the payment but that it was a scam. They said they needed evidence of a breach of contract in order for Mr S's complaint to be considered.
- They would need evidence from Mr S that the carpet was damaged or there was a clear breach of terms.
- They repeated that for the second payment of £2,500, they were unable to determine if the merchant breached their contract or mis-represented the terms of sale to Mr S. They said the terms of sale stated there were no refunds, only exchanges within 30 days. They need to see evidence that the carpet was damaged which to date has not been provided.

The investigator responded to Mr S's points with the following answers:

- He looked at both disputed transactions.
- He felt the complaint didn't fall under the definition of an APP scam and was a civil dispute.
- The S75 claim was declined by Nationwide as they were unable to determine if the merchant had breached the contract.
- He reiterated £100 compensation paid by Nationwide was fair.
- He explained that Mr S had submitted the dispute forms in August 2024 and that a further complaint was raised by him in December 2024.
- He would be able to comment on whether Mr S left the shop with the carpets and that this related to a civil dispute.
- He confirmed he had received information from both parties.
- He reiterated his findings about the payments and that he wasn't persuaded they carried a heightened risk of financial harm, as seen by Nationwide at that time.

Mr S responded and said his position remained the same that there were two contracts – neither of which were completed or fulfilled, and both were void. He said under section 75 of the consumer credit act, Nationwide were legally, jointly liable for the losses along with the merchant.

Mr S said he evidenced to Nationwide's satisfaction, in the manner they requested, that the item relating to one of the payments was damaged. He said the law did not state the goods had to be proven as damaged in transit. He said Nationwide were trying to hide behind an unprovable claim that the good were damaged in transit. Such an action was unprovable, and no consumer would ever win such a claim.

Mr S raised again about what evidence supported that he walked out with carpets on his person. He said this was important in the context of evidencing whether the contracts had been completed. He said if they contracts had not been completed, how can the merchant legally be entitled to retain the funds. He said if they were not, then Nationwide were legally obligated to refund the payments to him.

Mr S has referred his complaint to me, an ombudsman, to review matters afresh and make a decision.

### **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.

Before I turn to my findings, I think it would be helpful to explain the role of the Financial Ombudsman Service. Ours is an informal dispute resolution service and an alternative to the courts. I have carefully read everything provided by both sides, but my role isn't to provide a line-by-line response to every point raised. Instead, I need to focus on the central issues in dispute and decide what I think is fair and reasonable in the circumstances of this complaint.

Having done so, I've reached the same outcome as our investigator for these reasons:

- The starting position in law is that Mr S is responsible for the payments he made, and Nationwide had a duty to make the payments he authorised.
- Nationwide signed a voluntary code that was relevant at the time Mr S made the 2 payments, and this was called the Contingent Reimbursement Model (CRM). But I can see the rules associated with this don't apply in the circumstances of Mr S's complaint. The code doesn't cover card payments.
- But that doesn't preclude Nationwide from making fraud checks before making payment. And, considering regulatory expectations and good industry practice at the time of these payments, I'm satisfied that it should fairly and reasonably do this in some circumstances.

### Was there a scam?

- Mr S believes that he has been scammed of the money he paid to the shop vendor. To consider if this was a scam, I need to draw a conclusion Mr S paid for services for what he believed were legitimate purposes, but which were in fact fraudulent. So, I looked into this.

- Mr S made 2 payments to a company in another country that sold rugs amongst other things. I have looked into the company in question and can see photos of the shop front and a large number of reviews from customers on a search engine website, both positive and negative. Of the negative reviews posted, I have read a few from customers that are not happy about the quality of the item that they purchased.
- Taking on board what I have just said, I have not seen any of the usual hallmarks of a scam here. Rather, on balance, Mr S made payments to the vendor in exchange for rugs. Mr S has received 1 of the 3 rugs and has said it was of poor quality. That doesn't mean he was scammed, rather it meant he was sold an item of poorer quality than he expected to receive. There is then a dispute between Mr S and the shop about whether he received the second (and third) rug or not.
- With the information I have in front of me, I can't safely draw a conclusion that what happened was because of a scam. Instead, on balance, I think this is a dispute between Mr S and the merchant.
- This means that I don't currently think Nationwide needs to do anything further with Mr S's complaint in relation to whether it ought to have done more to protect him, as on balance, I am not persuaded the 2 payments in question are in relation to a scam. But, even if I did conclude otherwise and did think Mr S lost money to a scam here, I wouldn't uphold his complaint anyway. I will go on to explain why I think this.

If I had concluded there was a scam, should Nationwide have intervened at any stage with the payments Mr S made?

- I'm not persuaded the 2 payments appeared so uncharacteristic that Nationwide ought to have suspected he was at risk from anything fraudulent here anyway.
- Given the value of the payments and how they wouldn't have presented as being of a heightened risk of fraud, I don't think I've seen enough to say the payments looked significantly uncharacteristic or risky on this occasion. It would not have seemed out of place or unusual for Mr S to be making purchases in a shop on his card, whilst abroad on holiday, for the sums that were made.
- It follows that I consider it reasonable that Nationwide processed the payments in line with the instructions without completing further checks. After all it must balance protecting Mr S from fraud with its corresponding duty to make the payments he tells it to in a timely manner.

Did Nationwide act in a fair and reasonable manner when it declined Mr S's credit card disputed payments?

- Mr S believes both payments should be refunded under section 75 of the Consumer Credit Act 1974, because he says the contracts were void, he received defective goods, didn't receive them, or the transactions amounted to a scam.
- Nationwide has explained to our service that the information available to it did not allow it to determine whether the merchant had breached the contract on either transaction. For one of the payments, the dispute centered on whether the rug was defective when supplied or damaged later in transit. On the other payment, as I understand it, there was conflicting information about whether Mr S received any goods at all.

- I've seen nothing to suggest Nationwide failed to consider what Mr S provided or not follow the process. Rather, it reached the view that the evidence was inconclusive. Given the conflicting accounts from the parties that are in dispute, I don't think that Nationwide reached an unreasonable conclusion here.
- I have based my decision on the evidence I have in front of me that has been submitted by both parties. The standard I have applied is whether Nationwide has acted fairly and reasonably on this occasion – and not whether I can determine precisely what happened between Mr S and the merchant. Although I appreciate this will be disappointing to Mr S, it is not my role to do this.
- So, while I appreciate Mr S strongly disagrees with the merchant's version of events, I can't say Nationwide acted unfairly or unreasonably in deciding it didn't have sufficient evidence of a breach of contract or misrepresentation to uphold either of his section 75 claims.

### Conclusion

- I have read what happened, but I can't say, based on what I have in front of me, on balance, that Mr S has been the victim of a scam. Rather, I have seen the company in question receive reviews for providing a similar service around that time. It looks like it was a civil dispute between the parties.
- Even if I were to conclude Mr S was a victim of a scam, I don't think his payments were unusual enough that Nationwide ought to have intervened.
- I can't say Nationwide acted unfairly in how it handed Mr S's section 75 claims.

I have read all the documentation Mr S has provided. In doing so, I know the outcome will be a disappointment. But for the reasons I've explained, I don't think Mr S's losses can be attributed to something Nationwide did wrong. So, I don't uphold his complaint.

### **My final decision**

For the reasons I've explained, my final decision is that I do not uphold Mr S's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 December 2025.

Mark Richardson  
**Ombudsman**