

The complaint

Mrs N has complained about how Nationwide Building Society (Nationwide) handled her refund claim.

What happened

As all parties are familiar with this complaint, I'll only summarise the key background where necessary within my findings below.

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've read and considered the evidence submitted by the parties but won't comment on it all – only the matters I consider to be central to this complaint. This isn't intended as a discourtesy but reflects my role in resolving disputes informally.

It's important to note that Nationwide aren't the provider of the services here – so in deciding what is fair and reasonable, I'm looking at their particular role as a provider of financial services. In doing so I note that because Mrs N paid for this transaction using a Nationwide debit card, a chargeback could possibly help her. So in deciding what is fair and reasonable I've focussed on this.

Chargeback

Chargeback is the process by which settlement disputes are resolved between card issuers and merchants. A consumer isn't entitled to chargeback by right. But where there are grounds to raise one and it has reasonable grounds for success, it is good practice for one to be raised by the card issuer.

Although Mrs N's says her complaint was regarding the card issuer verification security process, Nationwide were still required to consider whether any scheme-based remedy such as chargeback, was available once the transaction had settled.

However, a chargeback isn't guaranteed to succeed and is governed by the limitations of the particular card scheme rules (in this case VISA). I've considered the relevant chargeback rules in deciding whether Nationwide acted fairly.

Mrs N used her Nationwide debit card to make a booking with a hotel I shall call 'J' on 21 March 2025 to the sum of £1209.74. Her complaint is regarding the fact that while she did initially put the booking through, she changed her mind on the price during the authorisation stage of the payment. Although the transaction initially remained pending, it later settled and the payment completed.

She then contacted Nationwide to raise a dispute for this transaction and was told she needed to cancel the booking. I do consider this reasonable as the only relevant chargeback code under the circumstances would be 'Credit Not Processed'. So Mrs N needed to ensure she cancelled the booking for a chargeback claim to be progressed.

I've broken down the key points further below:

- Nationwide said Mrs N needed to cancel the booking and try and resolve the matter with J in the first instance – this would've been required under the card issuer rules.

However J said the booking was non-refundable and the receipt for the payment for the stay does confirm this. This meant that with mind to the terms and conditions, there was no subsequent reasonable prospect of success under the chargeback rules.

While I appreciate Mrs N has said that she was advised to cancel in the first instance, the issue is that Nationwide wouldn't have initially considered the merits of the chargeback claim. This required the booking to be cancelled first and a refund requested from J.

As a result I don't think Nationwide did anything wrong in the administration of the chargeback claim itself and then not progressing it further as I don't think there would've been a prospect of success had they done so.

Mrs N has also said that she never actually wanted to make a chargeback claim as she felt the issue was due to a technical fault with the VISA verification process. And so it was Nationwide's decision to go down this route. I don't consider Nationwide did anything wrong in pursuing an appropriate redress channel for her funds – which in this case was a chargeback claim for a refund not given.

- Mrs N has said her complaint was primarily about the fact that the transaction went through even though she later attempted to decline it during the authorisation process. While I appreciate this, I can't say that Mrs N didn't authorise the booking because she did confirm this initially and only attempted to decline this later at approval stage. The booking receipt confirmed the actual hotel booking had gone through then and this was then followed by the payment later.

In terms of Mrs N's general concerns about the fact the transaction went through, Nationwide has confirmed they're not able to disclose further information on their security processes and what happened.

Still, questions about whether additional security measures should've prevented the transaction don't affect the outcome here, as the transaction was authorised by Mrs N when she initially submitted it herself – and so there weren't concerns of fraudulent activity. And in addition, it wouldn't be appropriate to rely on these security measures to alter the outcome of an authorised transaction after the event.

In summary, I accept Mrs N's concern centred on the verification process, but once the transaction had been authorised and settled, the only possible route for Nationwide to seek recovery was through the card scheme rules. I've therefore assessed the complaint on that basis. While the verification issue is understandable, it doesn't create a right to a refund or invalidate the transaction.

I am mindful, however, that there have been shortfalls in Nationwide's overall handling of Mrs N's claim. They have accepted that they should've been more detailed in their explanations during the process and that Mrs N's expectations weren't managed appropriately. In addition she didn't receive a response in time as was previously promised – to address all of this, she was credited £75 directly into her account.

She was also subsequently offered an additional £75 to further address what had happened which she didn't accept. I do consider that the total amount offered here of £150 is reasonable to address Nationwide's deficiencies in their handling of the claim. I've already explained this to Mrs N and so won't be asking Nationwide to take any further action.

My final decision

For the reasons explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 11 February 2026.

Viral Patel
Ombudsman