

The complaint

Mrs G complains that Nationwide Building Society will not refund transactions she made using her debit card.

What happened

Mrs G was abroad and took a taxi journey. She explained that she picked up the taxi from a taxi rank and that she was expecting the fare to be around £13. At the end of the journey, she offered to pay the fare in cash, but the taxi driver was insistent that it must be paid by card. The taxi driver told Mrs G the transaction didn't go through, so she tried again. Mrs G recalled that she did not receive a receipt for either transaction. She later discovered she'd made two payments, one for £594.95 and one for £181.92.

Mrs G contacted Nationwide straight away. She also went to the local Police and reported what had happened. Mrs G says that Nationwide initially said there had been a misrepresentation and refunded her but then later took the money back, explaining that the transactions could not be disputed because Mrs G had used chip and PIN.

Mrs G made a complaint. She felt the situation was unfair and not logical because a fraud is a fraud, no matter how she paid. Nationwide investigated but concluded it had not made any error. In its final response, it explained that it had told Mrs G it would give her 21 days' notice if it needed to re-debit the funds. It said the payments were made by chip and PIN which meant Mrs G agreed to the amount of the transaction at the time each payment was made. Nationwide said it had confirmed the outcome with its Visa Disputes team.

Unhappy with Nationwide's position, Mrs G referred the complaint to us. She said she cannot understand the logic of Nationwide repaying the transactions and then taking the amounts back.

One of our Investigators considered the complaint. She agreed Mrs G had been taken advantage of but explained there was no basis for her to fairly say Nationwide was responsible for refunding the transactions. She explained that Mrs G's actions by using her card and PIN to make the disputed payments met the requirements for Nationwide to be able to treat the transactions as being authorised. She didn't think the amounts being spent were unusual or suspicious enough to say that Nationwide ought to have intervened at the time. She was also mindful that a chargeback was unlikely to have succeeded because Mrs G didn't have any supporting evidence to show what the correct transaction amount should have been. But she wasn't persuaded Nationwide had followed the correct process when keeping Mrs G up to date with the status of her claim. She felt Mrs G needed to contact Nationwide more times than necessary to find out why the transactions had been re-debited. She suggested that Nationwide should pay £50 compensation for the distress and inconvenience caused.

Nationwide agreed it would do this.

Mrs G was disappointed by our Investigator's conclusions. In summary, she felt the current system is stacked against the client and explained that she would never have put herself

through hours in a police station or on the phone to Nationwide if she'd been made aware from the outset it was likely futile to do so. She said people generally weren't aware of the importance of obtaining a receipt for small card payments and often refused them thinking they were being environmentally friendly. Mrs G felt Nationwide was hiding behind Visa and not working to the true benefit of the victim. Although she recognised there was little chance to recoup the funds, Mrs G wanted to take things further to try and bring about change for customers against a system that has rules and regulations that are not fit for purpose.

As no agreement could be reached, the complaint has been referred to me.

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.

Having done so, I am unable to fairly conclude that Nationwide should take responsibility for the disputed payments. I know this is not the outcome Mrs G was hoping for. She's out of pocket and this is a lot of money for anyone to lose, so I will explain why.

There's no question that Mrs G has been the unwitting victim of sharp practice from an unscrupulous merchant. The amount she was charged for this taxi journey was very high. But unfortunately, this alone isn't enough for me to say Nationwide is responsible for refunding the loss.

When an account holder raises concerns about a card transaction, I'd expect their card issuer to look into the situation further to see whether it has any responsibility for refunding the amount in dispute. There's no automatic right to a refund of a card payment, but the card issuer may need to provide a refund if its customer didn't authorise the transaction, or if it didn't intervene in the payment to check it was one its customer wanted to make when it ought fairly to have done so and that intervention would have prevented the loss. In some circumstances, a card issuer can ask for a transaction its customer made to be refunded through the chargeback process operated by the card scheme.

I have considered whether Nationwide has treated Mrs G fairly by declining her claim for a refund. I'll address each potential avenue of redress for Mrs G in turn and explain why it isn't applicable on the circumstances here.

Was the transaction authorised?

First, Mrs G, in line with the Payment Services Regulations 2017 and the terms of her account, is generally responsible for transactions made using her payment tools which she authorises. Authorisation here carries a narrow meaning – that is to follow all of the steps necessary to complete the payment, regardless of whether the circumstances surrounding it are known.

Here, there's no dispute that Mrs G used her card and entered her PIN when she tried to pay for the taxi fare. Mrs G explains she was expecting the fare to be in the region of £13. In reality, she was charged almost sixty times more than this. Although Mrs G believed the fare to be for another, much lower, amount, this does not invalidate her authorisation. I understand that thinking you are spending £13 is an entirely different proposition to spending close to £800. But Mrs G's consent to the payment transactions doesn't depend on the amounts being fully explained to her. The fact that Mrs G has been deceived about the amount of each payment doesn't make the transactions unauthorised. So, as a starting point, Nationwide can hold Mrs G responsible for the payments.

Should Nationwide have intervened in the transactions at the time?

I'm also mindful that Nationwide should fairly and reasonably have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). And in some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

But firms like Nationwide also need to strike a balance between the extent to which they intervene in payments to try and prevent fraud and financial harm against the risk of unnecessarily inconveniencing or delaying transactions. Millions of credit card payments are made daily and it wouldn't be possible for a card issuer to individually monitor each one. A lot of these processes are automated and decisions about whether to allow transactions or not have to be made in real time. This means I have to assess whether the disputed transactions seemed unusual enough for Nationwide to have had concerns, considering how they looked in appearance and what Nationwide knew about the payments at the time.

I've looked at Mrs G's account statements in the months leading up to when the disputed transactions took place. I can see that Mrs G tends to make low value contactless transactions. Although I agree these particular transactions amount to more than the types of transaction that were typically made on Mrs G's account, I don't think their size alone was necessarily enough to cause Nationwide concern at the time they were being made. The transactions didn't drain Mrs G's available balance and there weren't enough payments to clearly stand out and form a suspicious pattern. Overall, I don't think the transactions were unusual enough that Nationwide ought to have intervened at the time they were being made.

Chargeback

A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant card scheme (in this case Visa's) rules. What this means is that Nationwide can in certain circumstances ask for a payment made to be refunded.

A chargeback isn't guaranteed to result in a refund. There needs to be a right to a chargeback under the card scheme rules and under those rules the merchant can defend a chargeback if it doesn't agree with the request. There's no obligation for a card issuer to raise a chargeback when a consumer asks for one. But I would consider it good practice for a chargeback to be attempted where the right exists and it is reasonable to do so.

When Mrs G contacted Nationwide, it said it was going to dispute the payments as there had been a misrepresentation of the terms of sale. But Visa's rules set conditions that Nationwide must follow before the dispute can be raised. The rules require the card holder to provide supporting evidence such as an attempt to resolve the dispute with the merchant and evidence of the terms of the sale the card holder thought they had agreed to. I recognise it is inherently difficult, if not almost impossible, for Mrs G to locate the taxi driver now or provide supporting evidence of what the correct fare should have been when she was not given any receipts. But this means Mrs G doesn't have any supporting documentation as required by the card scheme rules. Without this documentation, all the merchant or merchant's bank needed to do was respond advising Nationwide hadn't supplied the documentation needed to meet the chargeback requirements and the chargeback would have been rejected.

As such, I'm satisfied that Nationwide didn't make an error by not pursuing these payments through the chargeback scheme as I don't think there was any reasonable prospect of a

chargeback succeeding. Mrs G's evidence of the events or a common-sense approach to the cost of a metered fare for a journey of this distance is not sufficient to meet the card scheme's rules.

I accept Mrs G's point that it is increasingly commonplace for transactions to be processed without a paper receipt being issued. But the criteria for a chargeback claim is set by the card scheme, meaning there are only limited grounds and limited forms of evidence for a chargeback to be considered valid. I think it's more likely than not that a chargeback that was presented without the required supporting evidence would have been considered invalid.

Nationwide's handling of the dispute

Mrs G is not an expert in financial rules and processes. Initially, it might not even have occurred to her that the avenues available for Nationwide to try and help her recover the money that's been lost in these particular circumstances are this limited. I imagine Mrs G felt a sense of relief when the funds were temporarily credited back to her and she's described feeling confusion when the funds were taken back.

It's usual for a card issuer like Nationwide to provide a temporary credit whilst it further investigates a disputed payment. In the call recording I have listened to, Nationwide does explain that it will give Mrs G 21 days' notice if it needs to take any payment out following the investigation. But, on balance, I'm not persuaded that Nationwide told Mrs G it would be re-debiting the funds in good time, and I can understand that in moments of high stress, such as when reporting being a victim of fraud, it's easy for customers to not remember all of the salient details of what is being said. Nationwide's records show the letter about the funds being re-debited was "*Not yet sent.*" I'm also mindful that Mrs G had to then contact Nationwide to find out why the funds had been taken back.

Where there are failings in how a firm has handled things, as there has been here, we often tell the firm to pay compensation, to recognise the impact the mistakes have. It's not possible to undo the hurt that's been done, but compensation helps by recognising that a business got something wrong and it had an unfair impact on someone. However, and importantly, when it comes to the amount of compensation, it's worth bearing in mind that Nationwide isn't responsible what the taxi driver did. It was the customer service issues afterwards that Nationwide caused, which I consider added stress and caused confusion to Mrs G at an already difficult time. For this, I agree that Nationwide should pay £50 compensation to her to recognise that it should have communicated its intention to re-debit the funds.

Overall

I am sorry to have to disappoint Mrs G. Having to stand a financial loss when you have been an unwitting victim is a difficult position for anyone to accept. But I am not a regulator. I have no power to change the relevant law, rules and codes of practice. My role as an Ombudsman is only to decide whether Nationwide has made a mistake or whether it could have fairly and reasonably done more to assist Mrs G in reclaiming her money. This means I am not deciding whether Mrs G has been the victim of a fraud, I am deciding if Nationwide has any responsibility for refunding the loss.

Mrs G made the transactions herself, and I can't fairly say they would have appeared unusual or suspicious at the time. There's no chargeback reason for the merchant itself being a scam, which means Nationwide only has limited options from Visa's rules that could have potentially applied. Chargebacks are decided based on the card scheme's rules and not the relative merits of the underlying dispute between the cardholder and the merchant.

I don't think Nationwide acted unfairly by concluding that it didn't have enough evidence to take the claim forwards. I agree that the way Nationwide handled the claim fell short, but Mrs G would not be in a better position now if the building society had given clearer information about its intention to re-debit the temporary credit.

My final decision

For the reasons given, my final decision is that Nationwide Building Society should pay Mrs G £50 compensation to recognise the distress and inconvenience caused by its handling of her disputed transactions claim. I make no other order or award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 8 January 2026.

Claire Marsh
Ombudsman