

## The complaint

Mr H complained about how Nationwide Building Society dealt with a fraudulent transaction on his account.

## What happened

On 12 September 2024, there was a £466 debit to Mr H's Nationwide credit card. It was to a car firm abroad. When Mr H saw this, he contacted Nationwide to dispute this. He said he'd authorised a taxi payment abroad for a journey which with other firms had cost the equivalent of £13 to £15.50. He said he believed the correct charge should be 466 of the foreign currency, not £466 sterling.

On 25 September, Nationwide credited Mr H's account with £450, on the basis that Mr H had authorised £16 of the £466 charge. The £450 credit shows as a "Dispute Adjustment" on his statement. Nationwide sent Mr H a letter the same day, which said that it had credited his account with the disputed amount, and had raised a chargeback with the merchant's bank. The letter went on to say *"they have 30 days to challenge our reasons for reversing the transaction, which may mean we'll have to reapply the transaction to your account in the future."*

Nearly five months later, on 18 February 2025, Nationwide wrote to Mr H. It said that on 25 September 2024 it had credited Mr H's account with the disputed amount, but the merchant had now said that it believed the transaction was valid and had been made using chip and PIN. Nationwide said it couldn't take the dispute further "from a chargeback perspective." It said the amount would be re-debited in 14 days.

When Mr H received this letter on 19 February, he disputed it. He pointed out that in the letter Nationwide had sent him on 25 September 2024, it had said the merchant's bank had 30 days to prove the transaction had been genuine – but Nationwide had re-debited some five months later.

On 20 February, Mr H received a phone call. The caller said he was from Nationwide and asked if it was a good time to speak. Mr H said yes. The caller, speaking very fast throughout, then said it wasn't a sales or marketing call and said he'd have to ask Mr H his security questions, and was he happy to do that? Mr H said no. The caller said Mr H should ring the number on the back of his card or go to a branch, and was that ok? Mr H again said no. The caller said *"all right goodbye,"* still speaking very fast, and immediately ended the call.

Mr H didn't give his security details to the unknown caller because he was sensibly concerned in case it was a fraudulent caller pretending to be Nationwide. He also didn't ring back because he'd heard that scammers can stay on a phone line after making a scam call.

Nationwide didn't try to contact Mr H about his complaint about the disputed debit by secure message or app, though Mr H did use both of these methods. Instead it cancelled Mr H's Nationwide card. It did post him a letter dated 21 February, but this just asked him to contact Nationwide. It didn't warn him that it had cancelled his card.

On 24 February, Mr H was at a petrol station. He put fuel in his car and went to pay with his Nationwide card – because he didn't know that Nationwide had cancelled it. As Nationwide had blocked his account, he couldn't pay. Mr H was very embarrassed by this and what then happened. He was held up there for 20 minutes, while the petrol station took photos of his car at their pump, which it would refer to the police if the petrol debt remained unpaid. The petrol station also referred Mr H to a garage debt collection agency, which added a £4 surcharge for Mr H having failed to pay at the time.

Mr H also said that he was currently standing as a local councillor. He said his nomination was invalid because his annual party membership bounced as a result of his account being blocked. This caused him further embarrassment. He complained.

On 25 February, Nationwide wrote to Mr H. It said that Mr H had contacted Nationwide on 18 February about unrecognised transactions and Nationwide had said it would investigate his claim. It said Nationwide had investigated and had put a full refund onto his account. Mr H's statement shows a credit of £466 on 25 February. It also shows the £450 debit which it had told him on 18 February would be re-debited in 14 days' time.

Nationwide sent its final response to Mr H's complaint on 18 March. It said it was sorry Mr H's card had been declined without notice, but Nationwide hadn't done anything wrong. It said that it had declined Mr H's claim because the merchant had provided evidence. But it had then passed the case to its fraud team which had provided a refund because "*this is a known scam.*" Nationwide also referred to its call to Mr H on 20 February "*when you wouldn't go through security with us.*" It said that as Mr H hadn't phoned back as Nationwide's adviser had requested on the call, Nationwide had blocked Mr H's card when he tried to pay for his petrol. It said it understood he'd had to pay a £5 admin fee so it would refund this "*as a gesture of goodwill.*" It paid this to Mr H's account.

Mr H didn't accept Nationwide's final response. He said Nationwide's decision was flawed because it had reinstated a fraudulent transaction four months after it had run out of time. He referred Nationwide to its own letter of 25 September 2024 which had said the merchant had 30 days to challenge the chargeback. On 18 February Nationwide had written to him reinstating the fraudulent claim, and he'd tried to write using the online protected messaging system, but this didn't appear to be working. He asked several times both on the virtual assistant and in writing why this wasn't available, but hadn't received the courtesy of a reply.

Mr H said Nationwide should respect his cautious approach to his phone security and said scam calls were a regular occurrence. He asked why Nationwide hadn't then sent an online banking message asking him to call, and advising the reason for the urgency. Nor had Nationwide written to tell him it had cancelled the card. Mr H set out again what had happened at the petrol station, and said during all the phone calls, emails, virtual assistant contact and letters, Nationwide had shown no concern or empathy with the situation which it had caused him. He also said that he'd had further wasted time and cost in contacting people who'd retained his cancelled card details for renewal of memberships, insurance etc. Mr H said this was because one of Nationwide's employees got into a pique and cancelled the card without warning because Mr H wouldn't answer the security questions on the unsolicited call.

Mr H also said that the final response letter admitted that the fraudulent transaction was "*a known scam.*" He said all this upset could have been avoided if Nationwide had reviewed the case properly on 18 February 2025, when the merchant had made its out of time demand.

Nationwide replied to Mr H on 14 April. It said the merchant had had 30 days to reply, which was the card scheme's guidance. But it said its letter hadn't said how long it would take for the dispute to be resolved. The letter alleged that it had delayed re-debiting the funds when it received the merchant's chargeback reply "*in kindness as this could prevent any financial loss or interest applied to the account.*" It said it had then decided to refer it to its fraud team. It also said that it appreciated it could be worrying to receive a phone call out of the blue, but said its advisor had explained it wasn't a marketing call. Nationwide said it was unable to find any issues with its handling of Mr H's claim and its decision would remain unchanged.

Mr H wasn't satisfied and contacted this service. He said that when Nationwide had refunded him for the disputed transaction in September 2024, that should have been an end of it. But Nationwide had re-debited it months later, so he'd complained. He was also unhappy about the call he'd received on 20 February. The caller had just said it wasn't a marketing call, but hadn't said what they were calling about, and had asked for personal details. Mr H was suspicious of who was calling, so he declined to answer the questions. He also said he'd seen scam situations on tv where the scammer stayed on the line, which was why he didn't ring Nationwide back. Mr H said he'd asked Nationwide why its secure email was no longer working and why it didn't send him a message that way on 20 February. He pointed out that he does online banking and that was the obvious route as he wouldn't talk to them by unsolicited phone call.

Mr H said that Nationwide hadn't answered any of these questions, and hadn't explained why none of its letters had advised that it had blocked the account.

Mr H also set out what had happened at the embarrassing incident at the petrol station, including the debt agency, and his annual party membership not being paid because the account was blocked, causing embarrassment when his nomination for standing as a local councillor was invalid.

Mr H also said that it couldn't be right that the person who answered his complaint then answered Mr H's subsequent complaint about that letter.

Our investigator didn't uphold Mr H's complaint.

- She said that the chargeback which Nationwide had submitted wasn't guaranteed to result in a refund. The letter which Nationwide had sent Mr H said that the merchant had 30 days to challenge the chargeback – but there was no timescale for when Nationwide would take back the refund it had given him on 25 September.
- She also thought it was reasonable for Nationwide to stop the card, and said that the terms and conditions of Mr H's account said that if Nationwide needed to contact the customer because of security concerns, it would do this "*by a secure method of communication*" and this might involve asking for the customer's security information. Mr H had refused to give this over the phone and he hadn't called back.
- She didn't agree with Mr H's complaint that he expected Nationwide to provide a different employee to investigate a complaint he'd made about the previous employee. He said he didn't expect the person complained about to be given another opportunity to cover up his shortcomings. The investigator said that Nationwide had dealt with Mr H's complaint in a fair and reasonable manner and it had told her that a follow-up would generally be completed by the original complaint handler. She said this service can't change bank procedures.

So the investigator didn't uphold Mr H's complaint. She thought £5 for the admin fee Mr H had to pay for his fuel was fair, and she didn't require Nationwide to do anything more.

Mr H didn't agree. He said that Nationwide hadn't used any of the communication channels to tell him they were going to stop his card. He said he does all his banking online and he'd never received a secure message, text message, phone call or letter to advise they were stopping his card. Only after Nationwide declined his petrol transaction had it told him it had done so because one known rogue trader abroad had twice tried to put through a fraudulent transaction. He asked if it was really likely that he'd be using that car firm abroad again.

Mr H also said that in the phone call of 20 February, the adviser telling him to go to a branch was a red rag to a bull because Nationwide had closed all their local branches, and he thought there might now be two in his county, both of which would entail a 50 mile round trip just to find out why Nationwide had phoned him. The phone call didn't advise the reason for calling, and certainly didn't advise that Nationwide was stopping his card.

Mr H asked for an ombudsman's decision.

### **My provisional findings**

I issued a provisional decision on this complaint. This was because I'd come to a different conclusion to the investigator. Issuing a provisional decision gave both sides the opportunity to comment on it, by the date set, before I issued a final decision

Before issuing the provisional decision, I considered all the available evidence and arguments to decide what would be fair and reasonable in the circumstances of this complaint.

#### *What the Regulations say*

In my provisional decision, I explained that there are regulations which govern disputed transactions. The relevant regulations here are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them.

Some financial organisations choose to use chargebacks for disputed transactions. Chargebacks work according to rules set out by the card scheme, not by the payment service provider (here, Nationwide). But chargebacks aren't a full substitute for all of a payment services provider's responsibilities under the Payment Services Regulations 2017. In other words, what matters here is still the key issue of whether or not Mr H authorised the disputed payment. Saying that a chargeback was defended isn't enough to meet Nationwide's responsibilities under the Payment Services Regulations 2017.

As I'll set out below, I also had concerns about Nationwide's actions in relation to the chargeback defence, in particular about when it was received, and what Nationwide did.

#### *Liability for the disputed amount*

It's not currently in dispute that Mr H didn't authorise a payment of £466 to the taxi firm abroad. So he isn't liable for it under the Payment Services Regulations. Nationwide did refund this, so this isn't something I need to address. This decision is therefore about Nationwide's handling of this matter, and whether it needs to pay Mr H compensation for the way in which it dealt with it.

#### *Nationwide's actions in relation to the disputed transaction and whether it should pay Mr H compensation*

I found that Nationwide made multiple errors in dealing with Mr H's disputed transaction. I've listed these below.

- Five month delay in re-debiting after telling Mr H the merchant had 30 days to prove the transaction genuine;

Nationwide told Mr H on 18 February 2025 that it would re-debit the disputed amount. It had previously told him nearly five months earlier on 25 September 2024 that the merchant's bank had 30 days to prove the transaction had been genuine. So Mr H was understandably upset and frustrated about this, especially when he hadn't authorised the transaction.

I asked Nationwide when it had received the merchant's defence of the chargeback, because it had sent us a copy which didn't have a date. Nationwide replied that the notes on its system "would suggest the evidence was 18 February 2025; however, this may have been earlier." It said it had had internal changes to the department so it couldn't confirm this.

- Actions when Nationwide received the defence

Whenever Nationwide received the defence, I found it acted wrongly. If it was received earlier than 18 February 2025, Nationwide should have contacted Mr H promptly at that point, not delayed for many months. If it was received on 18 February 2025, it should have realised that it had said that the merchant had 30 days, and should not have told him it would re-debit the disputed amount.

Similarly, Nationwide should have known that saying that a chargeback was defended isn't enough to meet its responsibilities under the Payment Services Regulations 2017. It knew Mr H had said he hadn't authorised the transaction, but it didn't look further into the payment – for example by sending it to its fraud and scams team straightaway. It just told him it would re-debit the money.

I considered Nationwide's comment in its 14 April letter compounded its error. It said "*Before initially deciding to re-debit the funds when the chargeback was lost, we delayed this purposefully in kindness as this could prevent any financial loss or interest applied to the account in the event of a sooner re-debit. We then made the decision to refer this to our Fraud team as a scam claim.*" I found the explanation of a 5 month delay as "kindness" to be surprising. Certainly when re-debiting, it should give Mr H 14 days' notice, but this does not explain a 5 month delay. Nor is the wording clear about financial loss or interest.

Nor does it explain why it didn't refer the matter to its fraud team for its expert consideration before telling Mr H it would re-debit the money. It later transpired that when Nationwide did refer it, its fraud team immediately said it was "*a known scam.*" I considered Nationwide caused Mr H unnecessary distress by failing to check with its fraud team before telling Mr H it would re-debit the money.

- Nationwide's 20 February call to Mr H and related errors

I listened to the call which Nationwide's advisor made to Mr H on 20 February. Having done so, I could see entirely why Mr H would have found it highly suspicious, and I considered Mr H acted very properly in being unwilling to give out his security information to a cold caller. The caller spoke fast and urgently, in a manner typical of a fraudster trying to rush a potential victim. The caller also didn't indicate it was about Mr H's complaint, just that it wasn't a sales or marketing call, which any scammer might have said. The caller also rang off extremely fast as soon as Mr H refused. I consider it was unacceptable for Nationwide to have relied solely on an unsolicited, suspicious call asking for Mr H's security information. The call would have been distressing and worrying for Mr H.

In the provisional decision, I said that I also understood why Mr H didn't immediately ring back. As he said, he had heard that scammers can stay on a phone line after making a scam call and trick an unwary person who rings back.

I couldn't see that Nationwide ever responded to Mr H's subsequent complaint point asking why Nationwide didn't send him a secure message through his online account, or through the app, both of which he used. This was frustrating for Mr H when it would have been the obvious secure way to contact a customer, and it was also his preference. This service can't order a financial organisation to make changes to its procedures, because that's the role of the regulator, the Financial Conduct Authority (FCA). But I entirely understand Mr H's upset here, which I reflect in the compensation I intend to order Nationwide to pay him.

- No warning of card cancellation

I've set out the events above, which show that Nationwide didn't tell Mr H that it had cancelled his card. It posted a letter to him on 21 February, but it didn't tell him in that letter and just asked him to contact them. In any case, this couldn't have reached him before the card block came into effect. Again, there's no explanation about why Nationwide chose not to contact Mr H by secure message or app, either of which would have been much more likely to reach him promptly.

Mr H couldn't reasonably have expected his card to be cancelled in February 2025. He hadn't reported it lost or stolen, so would have had no reason to expect it to be cancelled for security reasons.

This resulted in the embarrassing incident at the petrol station, with Mr H having photos of his car taken, and having to wait while the petrol station went through its debt procedures. It also led to Mr H being referred to a debt collection firm for the amount which he couldn't pay with his blocked Nationwide card. This would have been very embarrassing and distressing, especially in case anyone who knew him locally would have witnessed this. I also recognise that he's said he was standing for election as a local councillor. I can see that the potential impact of seeing a candidate being stopped for non-payment would have been a cause of even greater distress for Mr H.

Mr H also told this service that his annual party membership had bounced as a result of Nationwide blocking his card, meaning there were further problems with his election nomination being invalid.

- Nationwide's £5 "gesture of goodwill"

Nationwide's 18 March letter to Mr H didn't agree that it had done anything wrong, but it said it had paid Mr H £5 "as a gesture of goodwill" for the admin fee he was charged when he wasn't able to pay for his petrol after Nationwide stopped his card. I checked with Mr H, and he sent a copy of the debt collection agency's notice. Mr H pointed out that the debt collection agency had charged him a £4 surcharge, not £5, but Nationwide had paid him £5.

I didn't consider this was fair or reasonable in view of all the mistakes which Nationwide had made.

- No replies to webchat messages

Mr H was also frustrated by the fact that he said he repeatedly didn't get a reply to the messages he sent using Nationwide's bot. We asked Nationwide for these messages – but it said it couldn't find webchat messages. It said it wasn't denying Mr H sent them, but it

wouldn't necessarily be logged on his profile. As Nationwide wasn't able to provide evidence, I accepted that Mr H sent repeated messages as he said, and didn't receive replies.

#### *Nationwide's use of the same person for successive replies*

Mr H was unhappy that when he disagreed with Nationwide's 18 March final response letter, the same person replied on 14 April to his 25 March rejection of the final response letter.

I could see that the same Nationwide person did send both letters. It does sometimes happen that financial organisations might use the same person who writes the final response letter, to deal with subsequent points in relation to it. If Mr H had objected to something the author personally had said or done, I'd certainly expect Nationwide to have asked another manager to deal with it. But here, it's that Nationwide wasn't accepting it had done anything wrong, rather than that the author personally was wrong. I understand that this was frustrating, but it's not open to me to order Nationwide to change its processes. So this is the only one of Mr H's points where I don't find that Nationwide need pay compensation for the way it treated Mr H.

#### *Compensation for the distress and inconvenience which Nationwide caused Mr H*

I considered that the above points show that Nationwide treated Mr H very poorly in relation to his disputed transaction claim. Taking them all into account, I considered that it would be fair and reasonable for Nationwide to pay Mr H £250 compensation for the distress and inconvenience it caused him.

So my provisional decision was that, subject to responses to my provisional decision, I intended to uphold Mr H's complaint, and to pay him £250 for its multiple failings and poor customer service in relation to the disputed transaction on his account.

#### **Responses to my provisional decision**

Mr H replied that he was very grateful for the time reconsidering this matter, and he confirmed he was happy to accept the findings and compensation suggested.

Nationwide twice asked for more time, which we granted. It then said that it accepted the provisional 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.

Having reconsidered all the evidence in this case, and in the light of the parties' responses to my provisional decision, I consider that my provisional decision was fair and reasonable in all the circumstances of this complaint.

I therefore find that Nationwide Building Society treated Mr H very poorly in relation to his disputed transaction claim. I order it to pay Mr H £250 compensation for the distress and inconvenience it caused him.

#### **My final decision**

My final decision is that I uphold this complaint. I order Nationwide Building Society to pay Mr H £250 for the distress and inconvenience it caused him in relation to his disputed transaction claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 16 March 2026.

Belinda Knight  
**Ombudsman**