

complaint

Mr D complains that, although National Westminster Bank Plc raised a chargeback claim for a large number of transactions with an online company and credited his account with the amount of money involved, it then re-debited it some months later.

background

Mr D told us he'd made a number of transactions online and disputed a large number of those because he didn't receive any services for his money. NatWest credited his account with the money but then it told him the merchant was disputing his claim. It said the retailer had supplied evidence that all the disputed transactions had been paid into his online account.

When it told Mr D it was going to re-debit the money he complained and the bank put this on hold while it investigated his complaint. He thinks if the bank had followed the correct chargeback rules for this type of transaction his loss would only be £800 and not £10,800. So he wants the bank to put him in that position.

Mr D is unhappy about the way the bank has dealt with his complaint. He is frustrated at the time NatWest has taken – four months from his initial chargeback claim to the letter telling him about the re-debits. And then it took over three months from when he complained to the bank to it issuing its final response. The bank sent him some documents from the merchant which had the wrong name on. The bank said this was the merchant's fault but Mr D doesn't agree. The merchant sent the bank a list of transactions which he thinks it either falsified or got wrong and he believes NatWest should've challenged it. He thinks NatWest raised his chargeback claim on the wrong basis. It wasn't that the money hadn't been credited to his account with the online company. His claim was on the basis that he couldn't use the money in that account.

The adjudicator didn't recommend his complaint should be upheld. She said the bank only needed to be satisfied the money was paid into Mr D's online account. The retailer disputed the chargebacks and based on the evidence provided she was satisfied the bank had done all it should. Mr D disagreed and said the bank had raised the chargeback on the wrong basis.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

It's important to note that chargebacks are decided based on the card scheme's rules, not the relative merits of a cardholder/merchant dispute. And a chargeback isn't a right under the scheme although a bank should make reasonable attempts to try to get a customer's money back.

Mr D says that when a chargeback is raised for a gambling transaction the bank should ask the customer if they have received any credits from the merchant and it should then explain to the customer that it will remove these pending the dispute. That would've meant he would only owe NatWest £800 not £10,800. But I don't agree because NatWest wouldn't be able to remove these credits. That would have to be the responsibility of the merchant.

NatWest raised the chargeback but the merchant defended it. Mr D thinks the list of transactions the merchant's bank sent NatWest was wrong and that NatWest should've challenged it. But the bank doesn't have to carry out a detailed investigation into what actually happened and it doesn't have to decide which party deserves the money. It also has no contact with the merchant, only the merchant's bank.

Mr D said NatWest should've known that the chargeback wouldn't be successful because his complaint wasn't that his online account wasn't credited with the money but that he couldn't use the credits for some reason. But even if NatWest had raised the chargeback on that basis I don't think it would have made any difference to the dispute. The merchant has successfully challenged the chargeback on the basis that the money went into Mr D's online account and by implication that it was available for him to use. And as I've already said NatWest doesn't have to carry out a detailed investigation.

I appreciate that Mr D was frustrated about the amount of time this process has taken but I can see that this was reasonably complex involving a large number of transactions so I don't think NatWest caused any unnecessary delay with the chargeback procedure or its complaints procedure. And I appreciate he was annoyed that some documents were in the wrong name but those documents came from the merchant so I can't fairly find that was NatWest's fault.

I know Mr D will be disappointed with my decision but for all the reasons I've given above I don't think NatWest has done anything wrong.

my final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 7 April 2017.

Linda Freestone
ombudsman