

## The complaint

Miss L complains that Nationwide Building Society allowed two payments of £247 to be taken from her account in September 2023 meaning that her account went into an unauthorised overdraft. She says the payments shouldn't have been authorised as she had an agreement with the company they were made to that her account was on hold.

## What happened

Miss L had a regulated loan agreement which was due to be repaid by four monthly payments of £247 from her account with Nationwide between July 2023 and October 2023. Miss L has told us that in August 2023 she asked the lender to put a hold on the account and this was agreed for 30 days. She made a similar request in September 2023 but was told that as two payments were now due, one would need to be paid.

A payment of £247 was requested by the lender on 6 September 2023 taking Miss L's account with Nationwide into an unauthorised overdraft. And the lender requested a further payment of £247 on 20 September 2023 taking Miss L's account further into overdraft.

Nationwide say that when Miss L contacted them they advised her that she should raise a VISA dispute as she told them her loan account was on hold. But she told them the payments hadn't been authorised by her and they were fraudulent as she didn't recognise the party the payments had been made to, so a fraud dispute was raised.

Nationwide initially re-credited the payments to Miss L's account, but later re-debited them as her lender provided evidence that the payments were due under the loan agreement Miss L had with them.

Miss L raised a complaint with Nationwide which they first responded to on 21 September 2023. This letter refers to a number of complaints, but in respect of this complaint they said they'd be unable to stop any recurring transactions and they couldn't see she'd asked them to stop any future payments to the lender.

After she reported the payments as fraudulent Nationwide said they weren't able to refund the payments immediately, as they had to look into the transaction which could take up to 48 working hours. In respect of her loan payments they said these were forced through by her lender via VISA. Her lender had gone to VISA directly having been unable to take the payments from her card. And when they did this, if her lender proved they were owed the requested funds, VISA force through the transactions whether there are available funds or not. So Nationwide didn't uphold Miss L's complaint.

Miss L responded to Nationwide's letter and they issued a further response on 25 October 2023 saying they'd reviewed their decision. Miss L had said she was unhappy that Nationwide had re-debited the funds for her fraud case, despite her having evidence her lender had made an error. Nationwide said the funds were re-debited as her lender responded to them showing they hadn't taken the funds fraudulently. Miss L had told Nationwide her account with the lender was on hold. They said she'd been told on 4 September 2023 that she'd need to raise this via a VISA dispute, but she wanted it raised as

a fraud claim as she said she didn't recognise the company.

Nationwide also said that the evidence Miss L had regarding her lender wouldn't change their response to the points she'd raised, as this was something their VISA dispute team would have to look into.

Miss L responded to Nationwide's letter of 25 October 2023 and they provided a further response on 6 November 2023. In this they apologised for telling her she'd be able to raise a VISA dispute in respect of the transactions with her lender. They said this wasn't correct, because as a fraud case had been raised and declined, they wouldn't be able to raise a VISA dispute for her. They said they were sending her a cheque for £20 as an apology for providing incorrect information.

Nationwide told Miss L they wouldn't be refunding the transactions as they'd told her on 4 September 2023 how she could raise a VISA dispute, but she'd called them back saying she didn't recognise the company which led to a fraud claim being logged.

Unhappy with the response received from Nationwide Miss L complained to our service. Our investigator considered the case and didn't think Nationwide needed to take any action.

She said that after Miss L claimed the payments were fraudulent Nationwide raised a dispute with her lender. In response to this Nationwide received evidence from her lender showing that the payments taken were due in line with her regulated loan agreement with them.

Our investigator said she understood that Miss L didn't want the payments to go through, but she said Nationwide had to follow the VISA dispute rules. And once her lender provided evidence of the loan agreement VISA forced the payments through and Nationwide couldn't prevent this. So she was satisfied Nationwide hadn't made an error regarding the payments.

She accepted that Nationwide had made a mistake by telling Miss L she could raise a VISA dispute, when she'd already raised a fraud dispute. Our investigator said that a VISA dispute could be raised where a consumer recognised the transaction but hadn't received the service, which wasn't the case here. If such a dispute had been raised our investigator was satisfied it wouldn't have succeeded as Miss L was due to repay the disputed payments. And she was satisfied that Nationwide's apology and compensation award was appropriate to resolve the misinformation mistake.

Miss L responded to our investigator's opinion saying that her lender shouldn't have requested the payments after her account with them was put on hold. Nationwide shouldn't have let the payments go through forcing her into an unauthorised overdraft which impacted her credit file. She accepted she was advised the transactions weren't fraudulent, but said they were in her eyes as the account was on hold and the payments shouldn't have been requested. And she'd been told by Nationwide she could raise a VISA dispute, but that wasn't correct.

Miss L also told our investigator that Nationwide had never explained to her that she had two options to resolve the matter, to raise a fraud dispute, or a VISA dispute. She said that a VISA dispute would have been the better option for her and if this had been raised the matter could have been resolved in September 2023. She feels that the misinformation provided by Nationwide has resulted in her being out of pocket, which she says isn't fair.

Our investigator responded to this saying that even though Nationwide had accepted they made a mistake and gave her incorrect information, this doesn't automatically mean that she's lost out as a result. As had she raised a VISA dispute it wouldn't have been successful as VISA had ruled in favour of her lender. So she hadn't lost out on raising a chargeback

dispute as this wouldn't have succeeded.

The case has now come to me for 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.

I'm only considering Miss L's complaint about Nationwide. She's raised a separate complaint about the company she had the loan agreement with. This has been dealt with by our service and a final decision issued.

When Miss L contacted Nationwide about wanting the payments refunded she was told she should raise a chargeback dispute. But she told them that the payments taken from her account were fraudulent. She said she didn't recognise the payments or the company to whom they were made.

So Nationwide raised a fraud dispute and the payments were initially refunded to Miss L. But they were subsequently re-debited from her account as her lender provided evidence that the payments were correctly due under the terms of her loan agreement with them.

Miss L says that Nationwide shouldn't have allowed the payments to be taken as they forced her account into overdraft. While I can understand that Miss L was unhappy about payments being taken from her account which meant the account became overdrawn, I have to consider whether Nationwide did anything wrong.

When Miss L's lender wasn't able to take her loan repayments from her bank card they contacted VISA who forced the payment through. This wasn't something Nationwide had any control over. And while during the course of her complaint Miss L told Nationwide that her account with the loan company was on hold she hadn't previously provided any evidence of this to them or contacted them to say the payments shouldn't be made.

When Miss L's fraud claim was declined she was incorrectly told that she could raise a VISA dispute. She'd also said that had a VISA dispute been raised in early September 2023 this matter could have been resolved quickly then.

I'm satisfied that Nationwide did advise Miss L when she first contacted them about the payments that she should raise a VISA dispute. But she wanted to raise a fraud dispute as she said she didn't recognise or authorise the payments.

I've considered what is likely to have happened had a VISA dispute been raised in early September, and I think the outcome is likely to have been the same as that of the fraud dispute. And while initially the payments may have been refunded to Miss L, once her lender provided evidence of the loan agreement, I think these sums would have been re-debited from her account. I say this as the VISA dispute process is intended to provide customers with refunds in cases where goods or services haven't been provided. And this wasn't the case here.

Nationwide have accepted that after the fraud dispute failed they told Miss L she could raise a VISA dispute and this wasn't correct. They've paid her £20 compensation which she's not happy with. I think £20 is reasonable compensation as a fraud dispute had already been raised and had been unsuccessful.

**My final decision**

For the reasons set out above my final decision is that I don't uphold Miss L's complaint about Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 18 December 2024.

Patricia O'Leary  
**Ombudsman**