

The complaint

Miss T complains about the service she received from Nationwide Building Society (“NBS”) when she tried to claim a partial refund of a payment she made on her debit card for a package holiday.

What happened

I set out the background to Miss T’s complaint, and my provisional findings on it, in my provisional decision, which is appended to and forms a part of this final decision.

In very brief summary, Miss T had some problems with the accommodation on a package holiday she’d part-paid for with her NBS debit card, and she had approached NBS to raise a dispute (also known as a chargeback) with a view to claiming a partial refund. NBS had said it couldn’t help her with this, citing various reasons. Miss T was unhappy with NBS’s response, and with the way it had communicated with her over the course of her trying to claim the partial refund, so she made a complaint which was subsequently referred to the Financial Ombudsman Service.

I issued my provisional decision on 14 June 2024. I said I was minded to uphold the complaint in part. The full reasoning for that decision can be found in the appended document, but I could summarise as follows:

- NBS had not been wrong to decline to pursue a dispute or chargeback for a partial refund for the amount paid for the holiday, because there was not a reasonable prospect of such a dispute/chargeback succeeding, based on rules and guidance published by the card scheme.
- Information published by NBS about disputes or chargebacks on its website and app had not been misleading. However, NBS had provided a series of incomplete, incorrect, or unhelpful explanations to Miss T about why it had been unable to proceed with a chargeback. This had led to wasted time, frustration, and annoyance.
- NBS staff had been polite and courteous to Miss T throughout, and I didn’t think a particular member of staff Miss T had been unhappy with, had been wrong to prioritise contacting her before reviewing all the information about her case first.
- NBS had been unclear about whether Miss T was going to receive a phone call from the disputes team, and the wording used may have led her, not unreasonably, to believe she would be getting a phone call from the relevant team, but they had emailed her instead.

I said I was minded to award £100 compensation to Miss T in respect of the impact of the customer service failings I’d identified. I asked both parties to let me have any further comments they wanted me to consider, before 28 June 2024.

Both parties responded to my provisional decision. Miss T said she was happy with the decision. NBS said it accepted the decision.

The case has now been returned to me to review once again.

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, and noting that both parties have accepted my provisional decision, I see no reason to depart from my provisional findings as summarised above and detailed in the appended provisional decision.

It follows that I will be upholding Miss T's complaint in part and award her £100 compensation.

My final decision

For the reasons explained above, and in the appended provisional decision, I uphold Miss T's complaint in part. Nationwide Building Society must now pay Miss T £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 30 July 2024.

Will Culley
Ombudsman

COPY OF PROVISIONAL DECISION

I've considered the relevant information about this complaint.

Having done so, I'm minded to reach a different outcome to our investigator in some respects, so I need to give the parties to the complaint an opportunity to comment before I make my decision final.

I'll look at any more comments and evidence that I get before 28 June 2024. But unless the information changes my mind, my final decision is likely to be along the following lines.

The complaint

Miss T complains about the service she received from Nationwide Building Society ("NBS") when she tried to claim a partial refund of a payment she made on her debit card for a package holiday.

What happened

Miss T used her NBS debit card to pay £1,146.77 on 29 May 2023, to an online travel agent I will call "L".

The payment was for the balance due on a package holiday to Turkey, including flights and accommodation, between 18 June 2023 and 23 June 2023. The cost of the holiday was £1,233.77, made up of £703.49 for the hotel, £452.31 for flights, and £55.62 for transfers. The remainder of the price was made up of miscellaneous fees. Miss T says her flight was delayed and she arrived at the hotel at around 4:30am, but the hotel was overbooked and she was directed to an alternative hotel for the first night, before returning to the hotel she'd originally booked for the remainder of the holiday. Miss T says things got worse, and there were various issues with the accommodation, including problems with cleanliness and vermin, poor food, and a low quality all-inclusive package.

Miss T complained to the hotel and to L, both while at the hotel and afterwards. She was looking for a partial refund to reflect the low quality of the holiday and the impact this had on her. Her attempts were rebuffed however, and she decided to approach NBS for help. She read on NBS's website, or app, that she could "raise a card dispute" if she'd received something that was incorrect, so she filled out a "dispute form" with NBS on 10 July 2023.

NBS asked Miss T to provide some more information, such as evidence she'd needed to stay at another hotel, evidence of the problems with the accommodation, and evidence that she'd tried to resolve things with the hotel or L. Miss T provided some information in response, such as screenshots of her complaints to L and the responses she'd received, location stamped photos taken at two different locations on 19 and 20 June 2023, and photos of insect bites on someone's legs. She said she didn't have photos of the room.

Shortly after this, NBS emailed Miss T to say that they couldn't help her because her dispute "was with the merchant". Miss T called to challenge this, noting that she had bought something which wasn't as described, and provided evidence to support it. She wanted her dispute to be reopened and taken forward.

There followed several phone calls and emails between Miss T and NBS. Miss T understood her dispute was being reviewed. On 19 July 2023 she spoke to someone at NBS who confirmed the relevant team should respond to some further information she'd provided

within a matter of days. Miss T believed she was promised the relevant team would call her.

Miss T was emailed instead – it's unclear when exactly – but at around this time NBS began dealing with the matter as a complaint, and their complaints team was in contact with the team which dealt with disputes over card payments. In a call of 21 July 2023 NBS says it told Miss T that it couldn't help with a dispute between herself and a merchant about the service it had provided. On 24 July 2023 Miss T had a phone call with NBS in which she was informed that her dispute didn't meet NBS's criteria so she needed to take things up with L. Miss T said she felt she'd been misled by the information on NBS's website, which suggested she could get a refund by raising a dispute.

On 25 July 2023 Miss T received a phone call from her complaint handler at NBS, having requested a call back earlier that day. The complaint handler said there were limitations to what NBS could do and they were essentially, a "middleman". She went on to say that Miss T couldn't raise a dispute on the grounds that what she received wasn't as described, because this only applied to physical objects. Miss T didn't feel this was made very clear on NBS's website, and the complaint handler said that it didn't say on the website that it was guaranteed that a claim would lead to someone being reimbursed. Miss T told the complaint handler about concerns she had about the general level of service she'd received during the dispute process, such as not getting calls to explain things. The complaint handler appeared to be unaware of these points, and Miss T felt she hadn't looked into things properly, saying she was fed up with having to keep repeating herself.

Miss T continued trying to escalate her concerns, including complaining about the person she'd spoken to on 25 July 2023. She spoke to another member of the complaints team on 31 July 2023. Miss T said she felt she'd been given misleading information because nowhere (on the website/app) did it say she could only raise a dispute about physical goods, that the process had been confusing, and that she'd received poor service and not been kept well-informed. The complaint handler said the complaint wouldn't be taken any further and Miss T would get a final response.

A final response was sent to Miss T the same day, along with follow up emails which essentially reiterated or emphasised points made within it. I could summarise NBS's position as follows:

- It had fully assessed her dispute claim and could not get a refund for her because the type of dispute wasn't covered and needed to be raised directly with the merchant.
- The website was not misleading.
- All staff had been polite and as helpful as possible, and correct and consistent information had been given. Nobody had promised she would get a call from the disputes team, only that she would be contacted by them. It supported the approach its complaint handler had taken in contacting her before they had fully reviewed the matter.

Miss T was dissatisfied with this response and referred her complaint to the Financial Ombudsman Service for an independent assessment.

One of our investigators looked into the matter. She concluded NBS had correctly reviewed the dispute claim, and hadn't proceeded with a chargeback because it didn't appear Miss T had a valid claim. Communications with NBS could have been better, but she was satisfied NBS had tried to contact her to clarify things and resolve her concerns, which was reasonable.

Miss T asked to appeal our investigator's assessment, and so the case has been passed to me to decide.

What I've provisionally decided – and why

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

When a person pays for goods or services using a debit card, as Miss T did here, then their card issuer may be able to help them claim a full or partial refund of the amount they paid on their card, if certain things go wrong with what they've purchased. This is because there is a process for disputing such transactions, which is mediated by the card scheme whose logo appears on the card in question (in Miss T's case, this was Visa). The process is normally referred to as a "chargeback" or "dispute", and the card schemes set various rules covering things such as what sort of scenarios are eligible for a chargeback, the kind of evidence required, and how long a person has to submit one.

Chargebacks are not guaranteed to be successful, and a consumer is not able to demand that their card issuer attempt one. However, as a matter of good practice, I'd expect a card issuer presented with a customer looking to dispute a transaction, to attempt a chargeback where to do so would be compliant with the card scheme rules and have a reasonable chance of succeeding.

A chargeback can be opposed by the party which originally received the payment. If no agreement can be reached, then ultimately the card scheme itself can be asked to rule on the dispute in a process known as arbitration.

Having considered Miss T's situation, alongside Visa's rules and guidance, I think it's unlikely a chargeback could have been successful. Contrary to what NBS told Miss T (something I will cover later), it *is* possible for a chargeback to be attempted where services have not been as described, or were defective in some way. However, Visa's rules say that such disputes can only be made for the "unused portion" of the service. Examples of disputes involving hotels appear within other guidance issued by Visa, and these indicate that in practice this means a refund can only be claimed where someone has not stayed at a hotel due to (for example) it not being as described.

Miss T stayed at the booked hotel for four out of five nights, and on the first night it seems she was placed in an alternative hotel. I've thought about whether it may have been possible for a chargeback to succeed for the first night only, however I think it's likely Visa would have considered placing Miss T in another hotel to have been a reasonable resolution to the problem, and so I'm dubious that this would have been successful.

I can appreciate that it might not be a simple process simply to move hotels in a situation like this, and I note Miss T made a point along these lines in one of her calls with NBS. However, it is the card scheme which sets the rules for chargebacks, and I can't say that it was wrong of NBS not to attempt a chargeback in the circumstances – I don't think it would have had a reasonable chance of succeeding.

Customer Service Concerns

Apart from the outcome of her request to dispute the payment to L, Miss T's complaint has been focused on the service she received from NBS during the process, and what she considers to be misleading information she was presented with about disputing card payments.

Having read the relevant material on NBS's website/app, I don't think this is misleading in the way Miss T has suggested it is. It states that someone can "raise a card dispute" if, among other things, "[they've] received something that was faulty, incorrect, or counterfeit". This wasn't inaccurate. There was nothing in the wording used to indicate that a dispute would definitely be successful, and I think it was made clear that there were no guarantees.

However, I think there were information failings elsewhere by NBS. Miss T clearly perceived some inconsistency between the information published on the website/app, and what she was being told by NBS staff when she tried to raise the dispute. It appears she was told more than once that a chargeback could only be attempted in respect of physical items, not services, which was incorrect. In written correspondence about the chargeback, NBS also told her simply that it wasn't able to help because her dispute was with the merchant, and it appears she was given this information over the phone as well. I think this was an unhelpful explanation which was likely to invite questions and challenges, and would have appeared contradictory to the information on the website/app, especially to someone unfamiliar with the technicalities of the chargeback process.

Miss T appeared to accept on a phone call of 31 July 2023 that if her dispute wasn't something NBS could help with then that was "fair enough". Ultimately, the reason why NBS couldn't attempt a chargeback/dispute and have a chance of succeeding was quite simple, as I've outlined above. I think NBS could potentially have avoided the situation from deteriorating to the extent that it did, if it had just given Miss T a better explanation at an early stage, of why it was unable to obtain a refund for her via the chargeback process. Unfortunately, a series of incomplete and/or inaccurate explanations served to aggravate matters and led to wasted time, frustration and annoyance, which is apparent on some of the calls I've listened to.

On the matter of the call Miss T thought had been promised by the disputes team, I agree with NBS that a call was not specifically promised, but I think Miss T could have been left with the impression that she would receive one. I say this because she asked the person she was speaking to if she would get a call, and he replied: "We will contact you, yeah". I don't think Miss T's other criticisms of NBS's customer service are fair. I think it was acceptable of her complaints handler to prioritise contacting her over reviewing all the information first, and I think staff were polite and courteous to her throughout.

In light of the service failings I've identified above, I'm minded to award Miss T £100 compensation to reflect the annoyance and frustration this caused.

Regarding her complaints about the holiday arranged by L, there may be other avenues available to Miss T, such as other Alternative Dispute Resolution schemes specific to the travel industry, or litigation.

My provisional decision

For the reasons explained above, I'm currently minded to uphold Miss T's complaint in part and direct Nationwide Building Society to pay her £100 compensation.

I now invite both parties to let me have any further submissions they would like me to consider. These should reach me before 28 June 2024. I will then review the case again.

Will Culley
Ombudsman