

The complaint

Mr L and Mrs L complain that Bank of Scotland plc trading as Halifax wouldn't refund a payment they didn't make from their joint account and dealt with them poorly.

What happened

Mr L explains that he contacted Halifax to dispute a debit card payment of £49.86 which also had resulted in a foreign exchange fee and some account charges. This was initially refunded but he is unhappy that Halifax re-debited them based on what he thought was inadequate information from the merchant. He is also not satisfied with the way his calls about this were handled and to be told that he needed to contact the merchant himself when he didn't have any details to do so. He found out when he complained that the payment was made using Mrs L's card, and so that Halifax had wrongly cancelled his and not hers.

Halifax said it wouldn't be refunding the money. It said that the payment had been made using Mrs L's card details, their address and his daughter's name. And it thought that this information was sufficient to show it had been authorised. Halifax accepted that it could have handled things better and paid £40 in compensation for poor service.

Our adjudicator recommended that the complaint be upheld. Mr L confirmed that his daughter had been given permission to use their cards in the past. But that this payment wasn't known to anyone in the household. The payment had been authenticated with the correct details and CVV number. But this wasn't enough to show it had been authorised and she didn't think that it had. She noted the long calls Mr L had made about this issue and that he'd been placed on hold for much of that time. And that on one call the line appeared to drop. He'd also not been called back about his request to ask for more information from the merchant. And the wrong card had been cancelled. So, in addition to refunding the payment with eight per cent simple interest she said that a further £100 in compensation should be paid.

Halifax said it agreed to this.

Mr L and Mrs L didn't agree. Mr L said that a key question was whether this compensation was both fair and proportionate. Halifax had resisted any solution. He had spent some two to three working days on the phone and this left him stressed each time. Mr L said that the main satisfaction of referring the case would be that it would be heard independently. This would also help highlight the limitations of Halifax's processes so no one else would need to go through the same. Mr L said he had the time to pursue this, but other consumers may not.

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 need first to say that this service provides informal dispute resolution and we aren't the regulator and don't have a role in reviewing or setting Halifax's processes.

Halifax has accepted our adjudicator's opinion about whether this payment was authorised. So, I won't be reopening that. It's not in dispute that the merchant taking this payment had a significant amount of information including the card security details. And that the 'so-called' order was in the name of Mr L and Mrs L's daughter. The issue was whether the payment had been consented to. I can see that Halifax put weight on the fact that their daughter's name was associated with this payment. And frankly once Mr L and Mrs L had allowed someone unconnected with the account to make payments the issue of authorisation does become more complex.

I also want to say a bit about the chargeback process that Halifax used with this payment. That meant that it raised the dispute about authorisation through the relevant card scheme in line with those rules. It didn't have direct contact with the merchant and the information which I know Mr L had seen about the payment came back through the card issuer. And in cases about authorisation rather say than about non delivery of ordered goods, there wouldn't necessarily be delivery confirmation. It was a matter for Halifax then to decide whether that was sufficient. I can see why Mr L still considered that the information which didn't have the merchant website or any information about what was ordered and invoice inadequate. Although again it was a matter for Halifax to make its own decision then based on all the evidence and in light of the size of the payment and the lack of any other reported attempts at fraud.

Now that fraud has been accepted though I do need to set out that a considerable part of the inconvenience and distress was caused by that fraudster. There would always have been dispute process to follow. However, here there have been clearly been service failings by Halifax. I heard it clearly tell Mr L on his first call that the payment had been made using his card. And that it cancelled his card but said Mrs L's card was safe. That left a compromised card potentially open to further use although there wasn't any further actual use. I've set out the issue of the information from the merchant. Mr L also explains he was given an incorrect reference number. And had a number of long calls including one that was dropped.

We don't make punitive awards and I've taken into account our published guidelines. We don't tend to base compensation on time spent or apply professional rates. Having considered everything Mr L and Mrs L have said and in particular the calls Mr L made I find that the compensation already suggested by our adjudicator is reasonable. I know Mr L and Mrs L will be disappointed with that and also as I'm not going to say anything more about Halifax's processes generally.

My final decision

My decision is that I uphold this complaint and I require Bank of Scotland plc trading as Halifax to:

- 1) Refund the payment of £49.86 including any related foreign exchange fee and account charges that resulted.
- 2) Pay eight per cent simple interest on this payment from the date of debit to the date of settlement.

3) Pay Mr L and Mrs L a further £100 in compensation making a total of £140.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mrs L to accept or reject my decision before 1 February 2023.

Michael Crewe
Ombudsman