

The complaint

Miss M has complained about the way Bank of Scotland plc trading as Halifax dealt with her claim for money back in relation to flights she paid for using her credit card.

What happened

The circumstances of the complaint are well known to the parties so I'm not going to go over everything again in detail. But to summarise, Miss M tells us she paid for flights for her and her family in August 2022 using her Halifax credit card. I understand the flights were arranged by Miss M's husband through a travel website I'll call "O". The flights were operated by a separate airline I'll call "T". I can see Miss M made a payment of £1,135.86 for the flights. Miss M said she quickly realised her plans needed to change so she cancelled the flights within a couple of hours of making the booking. She said she'd done that in the past with O and received a full refund. Miss M said when she cancelled the flights on T's website, she was told she'd be refunded. She also said she asked Halifax to not let the transaction go through as it was still showing as pending.

Halifax said it couldn't stop the payment because it had already been authorised. But Miss M said Halifax told her if she cancelled the booking the payment should be refunded automatically and if that didn't happen she could dispute the transaction. Miss M said the payment left her account and she didn't receive a full refund, so she put in a claim with Halifax.

Halifax raised the claim. I understand Miss M received a refund of the taxes (which totalled around £140). Halifax said it couldn't dispute the rest of the purchase amount because the flights weren't refundable. It did, however, offer £100 for not setting up a complaint when it should have done.

Miss M wasn't happy with the outcome so referred her complaint to the Financial Ombudsman. Our investigator looked into things but couldn't see the flights were cancellable. She said T's terms and conditions said the cancellation fee was 100% of the amount due for the booking. And that no refund was due other than the taxes imposed by the airport and governments that had been paid to T. Our investigator also noted O's terms said the contract of carriage for the travel service was with T. Our investigator didn't think there was a reasonable prospect of success through chargeback. She didn't think the necessary conditions were definitely present for a valid claim to be brought under section 75. And she also didn't think there was sufficient evidence of a breach of contract or misrepresentation that Halifax ought to have been liable for. But she thought the £100 compensation was fair.

Miss M didn't agree, she said she questioned Halifax's response regarding the pending transaction and referred to a conversation she had with it on the phone where it told her the money shouldn't leave her account, but that she could dispute the transaction if it did. She said it was only fair to trust what Halifax had said. As things weren't resolved, the complaint has been passed to me to decide.

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 want to acknowledge I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality. But I want to assure Miss M and Halifax that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

I also want to say I'm very sorry to hear about the problems Miss M had with the trip. I appreciate it cost a significant sum, and I can't imagine how she must've felt.

What I first need to consider is whether Halifax – as a provider of financial services – has acted fairly and reasonably in the way it handled Miss M's request for getting money back. It's important to note Halifax isn't the supplier. I've gone on to think about the specific card protections that are available. In situations like this, Halifax can consider assessing a claim under section 75 or raising a chargeback.

The chargeback process provides a way for a card issuer to ask for a payment to be refunded in certain circumstances. The chargeback process is subject to rules made by the relevant card scheme. It's not a guaranteed way of getting money back.

While it's good practice for a card issuer to attempt to chargeback where certain conditions are met and there's some prospect of success, there are grounds or dispute conditions set by the relevant card scheme that need to be considered. If these are not met, a chargeback is unlikely to succeed. And something going wrong with a merchant won't always lead to a successful claim.

I've not seen the evidence T said Miss M would receive a refund for the whole cost of the flights. Miss M received a refund for the taxes in line with T's terms. But understandably she wants the rest of the transaction refunded. There are chargeback conditions for services not provided but I don't think that's what Miss M is claiming for. She's effectively claiming for a refund not being processed. But without seeing sufficient evidence the flights were cancellable, I agree with our investigator that I don't think the chargeback had a reasonable prospect of success. I therefore don't think Halifax's ultimate answer to the chargeback claim was unfair.

Section 75 is a statutory protection that enables Miss M to make a like claim against Halifax for breach of contract or misrepresentation by a supplier paid by credit card in respect of an agreement it had with her for the provision of goods or services. Like our investigator pointed out, it looks like Miss M's husband booked the flights. And the payment Miss M made was to O to arrange the flights and not to T – who she claimed the refund from. Having multiple parties involved can impact the necessary conditions for a valid claim to be considered under section 75. But even if I were to say the necessary conditions existed, I still don't think I've seen enough to demonstrate there was a breach of contract or misrepresentation that Halifax could be held jointly liable for. O arranged the flights as it was asked to do. I've not seen enough to show Miss M was contractually due a refund if she cancelled. And so I don't think there are grounds to say Halifax should have upheld the claim under section 75.

Finally, I take Miss M's point that she wanted the pending transaction stopped. And she's also said Halifax told her she could dispute the payment. It's not clear if she was initially told that because she'd informed Halifax T said it would reimburse her. In any event, Halifax has

explained it was unable to stop the transaction because it'd already been authorised. It's shown us a log indicating the transaction was approved, which I think supports that. I'm also conscious any conversations that took place with Halifax were after Miss M had paid for the flights. It's hard to reach firm conclusions on whether she was given misinformation. But even if I accept what Miss M said and that Halifax didn't properly inform her of her options, I think the key thing here is I've not seen enough to decide Halifax is ultimately responsible for refunding her.

Halifax offered Miss M £100 for service failings, primarily for not responding to her complaint when it was put on notice of it. I think this caused a delay in Miss M getting an answer, which must have been frustrating for her. I think the offer is a fair reflection of the impact on Miss M in the round. But, while I sympathise with the situation, I don't have the grounds to direct it to do more.

My final decision

Bank of Scotland plc trading as Halifax offered Miss M £100 compensation. In all the circumstances I think this is a fair offer.

My decision is that Bank of Scotland plc trading as Halifax should pay Miss M £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 20 March 2024.

Simon Wingfield
Ombudsman