

The complaint

Miss M has complained about the way Bank of Scotland plc trading as Halifax dealt with her claim for money back.

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, in May 2022 Miss M used her Halifax debit card to pay a hotel £597 for a stay in June and July 2022. Unfortunately, Miss M was suffering from Covid-19 symptoms, so she contacted the hotel to cancel her booking before she was due to stay. The hotel explained the payment was non-refundable but as a gesture of goodwill it offered her a room credit until the end of November 2022. I think it also might've offered a part-refund. Miss M decided to contact Halifax on 27 June 2022 to see if it could help get her money back. Halifax explained it would follow the card scheme guidelines and it would need to see details of the cancellation policy. Miss M said the hotel was giving various options and that it was giving her conflicting information. Halifax requested Miss M send it information to support the claim.

From what I've seen, Halifax raised a chargeback on 3 October 2022 for a cancelled service. This was defended by the hotel because the terms and conditions said the booking was non-refundable. After having provided a temporary credit for £597, this amount was then re-debited. Miss M complained about this and spoke to Halifax about her options, and the possibility of representing the chargeback. Subsequently Halifax sent an initial response to the complaint explaining it had acted fairly. A few days later it issued a final response offering Miss M £50 because it didn't get back to her when promised.

Miss M referred her complaint to our service and our investigator considered things. Miss M was unhappy with the outcome of the claim, and the way Halifax handled it.

Our investigator didn't think the chargeback had a reasonable prospect of success because the hotel's terms said the booking was non-refundable. But she thought Halifax could have handled things better.

Our investigator ultimately concluded the chargeback was unlikely to succeed, but that Halifax should pay Miss M a further £250 compensation – taking the total to £300. Halifax agreed, but Miss M didn't. She said she didn't think it would have been right to use the credit at the hotel while she was in the middle of claiming through Halifax. She reiterated Halifax took too long to deal with things and she at least wanted the £597 refunded.

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'm considering whether Halifax has acted fairly and reasonably in the way it handled Miss M's request for getting her money back. In situations like this, Halifax can consider 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.

I agree the chargeback raised didn't have a reasonable prospect of success because the hotel's terms and conditions said the booking was non-refundable. Even though the hotel offered a goodwill gesture of room credit this doesn't mean that there was a valid chargeback right for Miss M to receive a refund off the back of her cancellation. I therefore agree Halifax's response for the chargeback raised in relation to a refund for the cancelled service seems fair. I can understand why Miss M thinks that the hotel could have decided to refund her. That's true. It decided to do something outside of the usual terms and conditions by offering room credit. But I'm not looking at a complaint against the hotel, I need to consider whether there are valid chargeback rights that Halifax was able to pursue. And for the reasons given, I don't think there were.

The main thing left in dispute is in relation to how Halifax handled the claim generally, and the impact Miss M says this had on her. There was a delay of around three months from when Miss M contacted Halifax about the claim to when it was raised. Halifax asked Miss M to send supporting evidence when she raised her claim in June 2022. Our investigator asked Miss M if she had any evidence to show she sent Halifax anything in response (and before Halifax raised the chargeback), but Miss M hasn't supplied supporting evidence she did. It's unclear exactly what happened here but I've therefore not got sufficient evidence the delays were solely as a result of Halifax.

As it turned out Halifax decided to submit the claim based on the information it had, and it was defended. I've explained above why I don't think there was a reasonable prospect of success had Halifax pursued things further for a chargeback in relation to cancelled services, even with the supporting evidence Miss M had.

Halifax spoke to Miss M again in November 2022. Miss M was unhappy because she found out her claim was not being upheld. Miss M was also unhappy with the way some of the messages were sent, and Halifax failed to include an attachment in an email to her, which must've been frustrating. Halifax offered to re-present the dispute if Miss M was able to supply further information about moving the booking. Miss M reiterated the hotel breached its terms and conditions by offering a transfer in the first place. As I've said, I don't think that making a goodwill gesture of room credit in the circumstances was a breach of contract that would have led to a successful chargeback claim. I also don't think there was another reason code that could have been used for that scenario. But the Halifax agent may not have known that before looking at the evidence Miss M had to submit. I've not seen Miss M was able to supply anything further that I think ought to have led to a successful claim either.

In all the circumstances, I'm really sorry to hear Miss M was unwell and couldn't use the booking. It's not clear the initial delays were solely as a result of something Halifax did wrong. But I agree things could have been handled better. I take the point that it might've been more helpful for Halifax to have said sooner there wasn't a reasonable prospect of success when it was made aware the booking was non-refundable. And I think there was

further confusion and expectation for Miss M when Halifax said it might be able to look into the dispute again. Ultimately, it's not clear that Halifax's actions were the sole cause of Miss M not being able to utilise the booking in time. Our investigator recommended Halifax pay a further £250 compensation (bringing the total to £300), and Halifax agreed. In the round, I think that's broadly a fair way to put things right. I know Miss M wants the money back for the booking but as it was non-refundable, I don't have the grounds to direct Halifax to reimburse her. I don't find there was a chargeback condition that would've had a reasonable prospect of success, so I think Halifax's ultimate answer to the claim seems fair. But I find the compensation recommended a fair reflection of the overall handling of the claim.

My final decision

My final decision is that, to the extent it's not done so already, Bank of Scotland plc trading as Halifax should pay Miss M £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 9 February 2024.

Simon Wingfield
Ombudsman