

The complaint

Mrs O complains about how Bank of Scotland plc trading as Halifax handled a claim she made to it.

What happened

The background facts of this case are well known to the parties so I will only summarise these here.

Mrs O purchased a therapeutic product ('the product') from a supplier while on holiday using her Halifax debit card. She says it was working in the store but when she got it home it wasn't. She says the supplier wasn't responsive when she contacted it about resolving the issue.

Mrs O raised a dispute claim with Halifax. It raised a chargeback which was not successful.

Mrs O is unhappy with the way Halifax handled her claim. In summary, she says that it credited her with a refund during the claim, then took it back without informing her. She says that this has left her in financial difficulty and caused her wellbeing to suffer.

Halifax explained that it had discontinued the chargeback due to the supplier's defence. However, it admitted its customer service could have been better and offered Mrs O a total of £180 compensation as part of its apology.

Our investigator considered that Halifax's offer was fair and reasonable in the circumstances.

Mrs O did not agree. She says that she followed the process she was asked to – and the actions of Halifax have left her in severe debt. She says she should have been better informed and recalls Halifax sent her a letter indicating that she could keep the refund after a certain time period.

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 have considered the information and evidence here but I won't comment on it all. This reflects my roles resolving disputes informally.

I am sorry to hear about Mrs O's disappointment with the product and how the matter has impacted her finances and wellbeing. However, it is worth noting here that my decision is not about the actions of the supplier – but Halifax as a provider of financial services. As it only provided the means to pay for the product with a debit card its role here is limited to how it could have assisted through a disputes process. In that respect I consider the chargeback scheme to be particularly relevant here.

Chargeback

Chargeback is a disputes process not set down in law but operated by the card schemes (in this case Visa appears to be the relevant scheme). The scheme is governed by particular chargeback rules which I have considered.

I can see here that Halifax appears to have raised a chargeback for Mrs O which was defended by the supplier. It then appears to have re-presented the chargeback but this was then defended again. Halifax then discontinued the dispute.

It isn't clear what reason code Halifax used to present the chargeback. However, it would seem a code relating to faulty goods or credit for cancellation would be relevant here. However, regardless of what reason code was used I don't think that this has altered the likely outcome here for reasons I go on to explain.

Chargeback is not guaranteed to succeed but I would expect Halifax to take reasonable steps to try and use the process to get back Mrs O's money. I think it is arguable here that it acted fairly in taking the chargeback as far as it did. I say this based on the supplier defending matters and the lack of clear information showing that Mrs O had a right to a refund in the circumstances.

However, even if I were to conclude that Halifax should have taken things further I would have to consider what the likely outcome would have been had the matter been pushed to arbitration for the card scheme to decide. In this case I am not persuaded it is clear this case would have more likely than not succeeded (regardless of the reason code used) in any event. I say this because:

- there is a lack of compelling evidence to show that Mrs O received a product that was not as described or faulty (I note Mrs O says it was working in the store on holiday and it wasn't working on return to the UK introducing several variables to the situation here); and
- the supplier has indicated Mrs O did not return the product as required by its terms and conditions and has continued to dispute that it has done anything wrong.

In summary, considering the lack of compelling evidence showing Mrs O has a right to a refund and in light of the supplier's defence it is arguable that Halifax has not acted in error by discontinuing the chargeback when it did. However, in any event I don't think it is clear this case would be more likely than not to have succeeded at arbitration based on the limited information available. So I don't think it fair to say that it needs to act as if the chargeback succeeded here and refund Mrs O.

Customer service

Halifax does not dispute that its customer service in handling the claim could have been better here. I agree with this and will explain why.

From what I can see the main issue Mrs O is unhappy about is Halifax didn't properly update her on the status of her chargeback claim and inform her that the temporary credit it had made to her account was being taken back. I can see that Halifax has indicated that it was using old mobile and email addresses to update Mrs O which is why she didn't know what was happening with the claim. I can see how frustrating this would have been for Mrs O particularly as she wasn't expecting the money to come out at the time and says she was on holiday. I think that some compensation is definitely due for what has occurred here.

However, beyond some compensation for distress and inconvenience I am not persuaded that Halifax's actions have caused Mrs O a wider financial loss here. Even if Mrs O had been

told about the outcome sooner I don't think this would have changed whether the chargeback succeeded or not for the reasons I have already given. So although I am sympathetic to the financial difficulties Mrs O has described I consider this stems from the liability caused by the original purchase rather than an error by Halifax.

And while Mrs O appears to have assumed she won the chargeback when she didn't hear back I also have not seen anything that indicates she was reasonable in making that assumption. Even if I accepted (as Mrs O claims) that she got a letter from Halifax explaining that the money was hers to keep if the supplier didn't defend the claim in 30 days, I don't think this means that she should have reasonably assumed (without positive confirmation from Halifax) that the supplier didn't defend things, or that she had won the dispute by default. And while Mrs O has at one stage suggested that the letter said the money would not have to be paid back if Halifax did not contact her within 30 days, there is nothing persuasive to support that. I think it unlikely and also inconsistent with what Mrs O originally said about this letter in her complaint form.

So overall, while Halifax has not communicated well I don't accept that its actions have reasonably caused Mrs O a wider financial loss.

I note that as part of her complaint Mrs O mentions that Halifax appears to have accidentally sent her details of another customer and also not made it easy for her to update her details in branch. It has apologised for this and reassured Mrs O that none of her personal data has been disclosed.

In deciding fair compensation I note the impact on Mrs O here which has clearly been distress. However, I do think a lot of the distress she has suffered has come from not being refunded for the product – something which I don't think is Halifax's fault. I also note that Halifax has issued Mrs O with what appears to be several sincere apologies and reassurance for its customer service errors – which also goes some way to putting things right.

I have considered our guidance on compensation from our website and note Mrs O has been caused more than the level of frustration and annoyance that you would expect day to day and there have been several errors. Overall I think £180 is a fair amount for what has gone on in the particular circumstances here.

I note Mrs O has explained the financial difficulties she has had as a result of buying the product. Halifax should be positive and sympathetic to these otherwise Mrs O might have cause for complaint in the future.

I know Mrs O will be disappointed that I am not directing Halifax to refund her in full. However, she does not have to accept my decision, and is free to seek appropriate legal advice and potentially pursue action directly against the supplier if she wishes.

Putting things right

I am not entirely clear how much compensation of the £180 offered to Mrs O has been paid to her by Halifax. It looks like it might only be £40. However, if Mrs O accepts my decision Halifax should pay her anything it is yet to pay.

My final decision

Bank of Scotland plc trading as Halifax should pay Mrs O whatever of the £180 compensation it has offered and not paid her to date.

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

Mark Lancod
Ombudsman