

## **The complaint**

Ms D complains about the way in which Bank of Scotland plc trading as Halifax handled her claim under Section 75 of the Consumer Credit Act 1974.

## **What happened**

In January 2020 Ms D booked a holiday with a merchant and paid a deposit of £1500. The trip was delayed due to the pandemic and was rescheduled for November 2022. Ms D made a further payment of £1500 in May 2022 using her Halifax credit card and a further payment of £1874 in September 2022 using her Halifax credit card.

The merchant ceased trading in October 2022.

In October 2022 Ms D raised a Section 75 claim with Halifax for the full cost of the holiday.

In February 2023 Halifax asked Ms D to provide proof of how the initial deposit had been paid. Ms D couldn't remember how she had paid but provided evidence that the deposit had been received by the merchant.

In March 2023 Halifax said it needed to ensure that Ms D hadn't made a claim for a refund with any other credit card provider. It said it couldn't simply accept Ms D's word for this.

Ms D discovered how she'd paid the initial deposit – by Barclaycard - and provided details to Halifax. She confirmed that she hadn't made any other Section 75 claims with Barclaycard.

Ms D sent further emails to Halifax but received no response. She brought her complaint to this service.

During the investigation, Ms D provided a letter from Barclaycard confirming that there was no Section 75 claim. Following this, Halifax said it would refund the full payment of £4874.00.

Our investigator upheld the complaint. She said there had been some unnecessary delay because it had taken Halifax 11 weeks from when the section 75 claim was raised to contact Ms D for further information. The investigator said Halifax should pay £100 to apologise for the delay.

Ms D didn't agree. She remained frustrated that Halifax hadn't accepted her word that there was no ongoing Section 75 claim with anyone else and said it should have refunded the payments she'd made with her Halifax card whilst the issue of the initial payment was being resolved. Ms D said she'd received the full refund of the cost of the holiday from Halifax, but she wanted interest from the date the section 75 claim was raised and additional compensation.

I issued a provisional decision on the issues which remained unresolved.

In relation to whether Halifax should've settled the claim sooner, I said I understood that Ms D felt very strongly that Halifax should've accepted her word that there were no ongoing Section 75 claims with other credit providers. But I said that I also understood that from

Halifax's perspective it needed to ensure that the section 75 claim hadn't been paid for (or claimed) from a different credit card provider because this could result in financial gain from multiple bank refunds. I acknowledged that there had been some confusion as to whether Halifax would communicate directly with Barclaycard and explained that Halifax had no authority to do this. I said that taking everything into account, I wasn't persuaded that Halifax should've settled the claim sooner. But I said that Halifax could've been clearer in its communications with Ms D.

I also addressed the issue of whether interest should be paid on the amount refunded. I said that it should be paid because of the delay in the handling of the claim which I didn't think was down to Ms D. This included the initial delay following submission of the claim and the further delay caused when Halifax wasn't clear about what it required from Barclaycard. I said that Halifax should pay 8% simple interest per annum on the amount refunded calculated from the date the section 75 claim was made to the date of settlement.

In relation to compensation, I said that it was clear that Ms D had been caused trouble and upset at the length of time it had taken to resolve the section 75 claim, and that a large part of this delay had been unnecessary. I said Halifax should pay compensation of £200.

I invited both parties to let me have any further evidence or arguments they wished to raise.

Both parties accepted my provisional decision. The interest payment has been agreed between the parties and I understand that payment has now been made, leaving just the compensation of £200 to be paid/credited to Ms D's credit card account.

### **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.

Both parties have accepted my provisional decision, so I see no reason to reach a different conclusion to that which I set out in my provisional decision.

### **Putting things right**

To put things right Bank of Scotland Plc trading as Halifax must:

Pay 8% simple interest on the amount refunded

Pay total compensation of £200

### **My final decision**

My final decision is that I upheld the complaint. Bank of Scotland Plc trading as Halifax must take the steps I've set out above (to the extent that the steps have not already been complied with)

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 29 February 2024.

Emma Davy  
**Ombudsman**