

## The complaint

Miss M complains that Bank of Scotland plc trading as Halifax won't refund money she says she lost to a scam.

## What happened

Miss M made several debit card transactions to a company abroad (which I'll call D) in 2018. Miss M thought she was paying for service to help design, develop and license products she intended to sell. But she says she didn't receive the service she paid for and now believes she has been scammed.

The payments were made in US dollars. Below is a list of the transactions that were subsequently debited to Miss M's sterling account with Halifax.

Date	Type of transaction	Amount
9/7/2018	Debit card	£488.55
6/8/2018	Debit card	£2,312.26
20/8/2018	Debit card	£2,249.00
21/8/2018	Debit card	£1,568.16
	Total	£6,617.97

Halifax hadn't looked into Miss M's complaint before she referred it to us. It said this was because Miss M hadn't provided it with enough information to determine what had happened.

When it responded to our enquiries, Halifax said that Miss M didn't contact it about the transactions she is now disputing until 2023. And, due to the passage of time, some records such as historic bank statements and internet banking records were unavailable.

Our investigator looked into Miss M's complaint. But he didn't uphold it. He said Miss M hadn't disputed authorising the transactions. And that whilst he'd seen the negative on-line reviews about D which Miss M had provided, he hadn't seen enough evidence to safely conclude what had happened was a scam rather than buyer and seller dispute.

But he added that even if it had been scam, he didn't think the payments Miss M had made were large enough or unusual enough for Halifax to have contacted her before allowing them to be processed. Even if Halifax had contacted Miss M, he didn't think it would have prevented Miss M from making the payments based on the information Miss M had about D at the time. For example, there were no significant warnings that D wasn't a genuine company.

The investigator went on to consider whether Halifax could have done anything to try and help recover the payments when Miss M contacted it. But due to the passage of time he said Halifax didn't have the opportunity to recover the funds as the transactions were now outside the time limits that apply to chargebacks - the process for disputing card payment transactions.

Miss M didn't accept this outcome. And she asked for her complaint to be reviewed. So, it's been passed to me to decide.

Miss M has raised a similar complaint about an account she holds with another bank. This will be dealt with under a separate final decision. For clarity, this decision relates solely to her complaint about Halifax.

### **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 sorry to learn about what happened to Miss M as I understand that she hasn't received the service she paid for from D. So, I can appreciate why she would think her money should be refunded. But I don't think that I can fairly say that Halifax should refund the money she lost. I'll explain why.

Although I'm not doubting that Miss M hasn't received the service she paid for, I haven't seen enough persuasive evidence to establish a scam took place. But, even if a scam had taken place, I'm not persuaded that Halifax should be required to refund Miss M's payments.

Payment service providers like Halifax are expected to process payments that a customer authorises them to make, and there is no dispute here that Miss M authorised the transactions. But Halifax should be taking steps to identify and help prevent transactions that could involve fraud or be the result of a scam. But here transactions are not of a value where I'd usually expect Halifax to be concerned that Miss M was at a heightened risk of financial harm.

Even if Halifax had intervened, I think it's unlikely that any conversation between Miss M and Halifax or further research into D would have led to Miss M changing her mind about making the payments. I haven't seen anything that (at the time) would have suggested any concerns about D and –from what I've seen, D continues to operate as an active company to this day – despite some negative on-line reviews.

Miss M has questioned several times if a 'dispute' has been raised, so I've thought about whether Halifax had the opportunity to recover the funds for Miss M. As the payments were card payments the only potential avenue for recovery of the payments would have been through the chargeback scheme.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. Halifax is bound by the card scheme provider's chargeback rules. Whilst there is no 'right' to a chargeback, it's generally considered it to be good practice that a chargeback be raised if there is a reasonable chance of it succeeding.

But a chargeback can only be made within the scheme rules, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. And more importantly in this case, time limits also apply. The typical time limit for a chargeback claim is 120 days from the date of the transactions although in some circumstances some card schemes allow up to 540 days from the date the transaction was made.

Miss M first contacted Halifax about the transactions she is disputing in 2023. As this is well-over the maximum 540 days, I'm satisfied that by the time Miss M contacted Halifax the chargeback route was no longer available. So, I don't find Halifax did anything wrong when a chargeback wasn't attempted.

In summary, I have a great deal of sympathy with Miss M as she has not received a service she has paid for. But it would only be fair for me to direct Halifax to refund her loss if I thought it was responsible – and, for the above reasons, I don't find this to be the case. It follows that I will not be asking Halifax to take any further action in respect of this complaint.

### **My final decision**

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 21 October 2024.

Sandra Greene  
**Ombudsman**