

The complaint

Ms G has complained about how Bank of Scotland plc trading as Halifax (“Halifax”) handled her chargeback claim.

What happened

On 20 March 2023, Ms G booked two tickets for return flights scheduled to depart on 9 February 2024. The cost of both tickets was £2,885.02. This included £981.51 per adult in taxes, fees and surcharges (totalling £1,963.02). The tickets were booked directly with the airline on its website and purchased by Ms G using her Halifax Visa debit card.

On 7 November 2023, Ms G cancelled the flights and the airline refunded £455.62. On 20 November 2023, the airline said:

“The refund was processed for amount of GBP 455.62 to VD card ending in 5177 on 18 Nov 23.

As per our investigation flight is voluntary cancelled, hence refund was processed as per fare rules with cancellation penalty GBP 461.00 per ticket and less a service fee of GBP 15.00 per ticket.”

Ms G complained to the airline, saying the above showed she should only have £476 deducted from each ticket, which cost £1,442.51 so she should receive a refund of £966.51 per ticket. Ms G also asked Halifax to attempt a chargeback for the cost of the flights minus the refund she’d received. In December 2023, Halifax attempted a chargeback for £1,477.40 – this is the amount Ms G thought she should receive minus the refund she’d already got. Halifax credited Ms G’s account with two temporary refunds of £738.70.

On 27 December 2023, the airline defended the chargeback claim, explaining the tickets were non-refundable. The airline said each ticket cost £1,442.51 and it had deducted £738.70 of non-refundable taxes, £461.00 fare and a £15.00 fee, leaving £227.81 for each ticket, which had been refunded.

On 29 January 2024, Halifax said it was unable to dispute the transaction any further – the airline said the tickets Ms G purchased were non-refundable and only a portion of the taxes paid on the flights could be refunded. Halifax said it was unable to dispute this transaction any further in accordance with Visa Chargeback Rules for cancelled service disputes.

Ms G complained to Halifax, which issued its final response on 29 January 2024. Halifax said that after the airline defended the chargeback claim, it had not received further information from Ms G so it was unable to challenge the airline’s defence. Unhappy with this response, Ms G referred her complaint to our service.

One of our Investigators reviewed Ms G’s complaint but didn’t recommend it be upheld. The Investigator explained that when Halifax reviewed the airline’s response to the chargeback attempt, it decided the chargeback had no prospect of success. The evidence showed the tickets purchased were non-refundable and it was for Ms G to prove the chargeback had a

reasonable prospect of success, not Halifax. As Ms G hadn't provided evidence to show the refund she'd received was incorrect, the Investigator thought Halifax's decision not to pursue a chargeback further was fair. Our Investigator didn't find anything wrong with Halifax's handling of Ms G's claim, so didn't think it needed to take any further action.

Ms G didn't agree with our Investigator and said the airline had refused to provide the cancellation policy, which Halifax hadn't followed up. Ms G said Halifax refused to communicate with her further, she'd had numerous lengthy phone calls with conflicting information provided. Ms G asked for an Ombudsman to review her complaint, so it has come to me for a decision.

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.

Here, Ms G is unhappy she has not received a further refund for her flight tickets after she asked Halifax to attempt a chargeback on her behalf. A chargeback claim is decided on the relevant card scheme's rules, rather than on the merits of the dispute between Ms G and the merchant. Although it is often good practice for a card provider (here, Halifax) to attempt a chargeback where there is a reasonable prospect of success, a chargeback is not a legal right. It is also important to explain there's no guarantee the card provider will be able to recover a card holder's money from the merchant by making a chargeback.

Here, the rules are set out by Visa and Halifax has no power to change them. The relevant rule here, as Halifax explained to Ms G, are the conditions for a chargeback for a cancelled service. The conditions require evidence that Ms G cancelled the service, which she did. The next condition is that the airline did not process a credit or voided transaction receipt. Here, the airline did process a credit, so it is possible this condition has not been met. But in any event, I have gone on to consider whether it's likely the final relevant condition for a successful chargeback claim was satisfied – that the merchant did not properly disclose or did disclose, but did not apply, a limited return or cancellation policy at the time of the transaction.

Ms G believes the wording of the airline's email of 20 November 2024 means she is entitled to a greater refund than she received. I would agree the email could have been worded more clearly. And based on this email, Halifax did attempt a partial chargeback, so I think its actions were reasonable here. But the airline has since clarified that the cancellation penalty was indeed £461 per ticket, with a £15 charge, and it had also not refunded the "unused non-refundable taxes", totalling £738.70 per ticket. The airline provided details of its information about the tickets, which said they were non-refundable, which I think matches the e-ticket receipt provided by Ms G. Here, Halifax said the airline had provided evidence to show the tickets were non-refundable and so there was no prospect of success in pursuing the chargeback further.

If the merchant defends a chargeback, it is possible to progress the chargeback to the card scheme's arbitration process. The arbitration process is decided by the card scheme, and the outcome is not guaranteed. Ms G may feel she has lost an opportunity to have her case put to arbitration but I think it's unlikely her case would have succeeded, based on the evidence available. I'll explain why.

As I said above, the e-ticket receipt says the flights were non-refundable. The e-ticket receipt says that if Ms G had made a mistake, she may cancel her flight and claim a refund without penalty, up to 24 hours from when she made the original booking. The e-ticket goes on to say *"if you wish to... cancel your booking, the cost of doing so will generally be lower on*

ba.com...” I think both these statements show it’s likely there was a cost involved in cancelling the flights more than 24 hours after the original booking.

The e-tickets’ “payment information” section says:

“Endorsements

Pax nonrefundable restrictions apply”

I think the e-ticket receipt shows the tickets Ms G purchased were non-refundable and a cancellation would incur a cost. The airline provided a breakdown of the cost. When the airline defended the chargeback claim, it confirmed the tickets were non-refundable. The airline said each ticket cost £1,442.51 and it had deducted £738.70 of non-refundable taxes, £461.00 fare and a £15.00 fee, leaving £227.81 for each ticket, which had been refunded. Ms G has been unable to show this refund is incorrect or provide further evidence to show she was entitled to a greater refund.

It does not appear that Halifax were provided with a copy of the terms and conditions of Ms G’s tickets, which might have provided certainty about the cancellation terms. But it was not Halifax’s responsibility to obtain these from the airline and it isn’t responsible for the airline’s actions. So, I think the evidence available shows it’s likely the airline made Ms G aware she had purchased a non-refundable ticket and so was made aware of the limited cancellation policy. So, I think Halifax’s decision not to progress the chargeback claim to the arbitration stage was a reasonable one and it was entitled to take back the temporary refunds it gave Ms G. I realise Ms G has not received a full refund for her tickets, so she is out of pocket. But from the evidence I’ve seen, I don’t think Halifax handled her chargeback claim unreasonably.

I note Ms G says she had numerous lengthy conversations with Halifax, who provided her with conflicting information. Ms G hasn’t been specific about the conflicting information she’s been given and I’ve seen no evidence to show Halifax gave her incorrect information. I’ve also not seen evidence of lengthy phone calls, or that Halifax has made an error in its claims handling process. So, I’ve not upheld this aspect of Ms G’s complaint.

My final decision

I realise my decision will disappoint Ms G, but I’ve not upheld her complaint for the reasons set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 19 February 2025.

Victoria Blackwood
Ombudsman