

The complaint

Mr C has complained about how Bank of Scotland plc, trading as Halifax, handled his disputed transaction.

What happened

Mr C used his Halifax credit card to pay a booking agent for a hire car abroad. However, when he went to collect it, he'd been deemed a 'no-show', and was told he could have the same car he'd booked, but at a higher rate. As he didn't receive a response to his complaint from the booking agent or hire company, he contacted Halifax for a refund.

Halifax attempted both a chargeback and a claim under section 75 of the Consumer Credit Act 1974.

As regards the chargeback, the merchant defended the claim. It said Mr C hadn't collected the car at the agreed time, and no refund was due under the terms and conditions. Accordingly, Halifax contacted Mr C by text, to ask him for evidence that he'd been on time. He responded to show he'd been late, but this was under an hour. Halifax then closed the chargeback, as it didn't think it had a reasonable chance of succeeding.

Halifax also considered whether section 75 could apply. However, one of the requirements of section 75 is that there's a valid debtor (here, Mr C), creditor (Halifax), supplier (the hire company) link. In this case, the booking agent's involvement was deemed to break this link. But even if it didn't, there was no breach of contract (as Mr C had been late), or misrepresentation.

One of our investigators looked into what had happened, but she thought Halifax had acted reasonably.

Mr C disagreed, and asked that the complaint be passed to me. He felt it wasn't made sufficiently clear that being late by under an hour would have the consequence it did, and Halifax should have considered this. He feels the practice is egregious and should be made illegal. Further, he explained that Halifax hadn't told him it had closed his complaint.

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.

Having done so, I'm not upholding it. I know this will be disappointing for Mr C, but I'll explain why.

I can see that Halifax raised a chargeback, but it was defended. The chargeback scheme is voluntary, but as our investigator said, we'd expect it to be followed where there was a reasonable prospect of success. In this case, I'm satisfied it was reasonable of Halifax to think there was not. This is because the merchant had given a robust reason for defending the claim. I'm aware that Mr C feels that the terms were unfair, but this would ultimately be

for a court to decide. So, I don't think it was inherently unreasonable for Halifax not to look into this, as part of a voluntary scheme. And I don't think that Halifax closing the claim had any effect on the outcome.

I'm also satisfied that section 75 does not apply, as there isn't a valid debtor-creditor-supplier link in place. Because of this, any consideration of the terms of the contract wouldn't make any difference – as section 75 simply doesn't apply. But it's worth pointing out that if Mr C has concerns about the hire company, he may wish to raise them with the appropriate body.

Although I fully understand Mr C's frustration, I don't think Halifax behaved unfairly.

My final decision

For the reasons given above, it's my final decision not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 24 April 2025.

Elspeth Wood
Ombudsman