

## **The complaint**

Miss M complains about the way Bank of Scotland plc handled her claim for a refund when an outfit she bought was not of satisfactory quality. The bank operates in this case under its Halifax brand.

## **What happened**

At the end of July 2023 Miss M ordered a made-to-measure outfit from a merchant, A, for a family wedding in November 2023. The invoice records that the order was for five similar outfits, costing £500 each. Miss M paid for one of the outfits in two payments, £250 using her Halifax debit card and the balance by bank transfer.

Miss M's outfit was completed and delivered shortly before the wedding in November 2023. She says that there were a number of issues with it, including poor stitching and a zip which broke when she wore it. She says however that she had little choice but to wear the outfit for the wedding.

She complained to A, seeking a refund. A said however that it did not accept returns or provide refunds for made-to-measure items or where the item had been worn.

Miss A referred the matter to Halifax. It considered whether it should make a claim under the chargeback scheme but concluded that it was unlikely to be successful. It advised Miss M to return the outfit. It later concluded that it should not have done so and paid Miss M £50 in recognition of its error, along with her postage costs.

Miss M remained unhappy that Halifax had not helped further and referred the matter to this service. One of our investigators considered what had happened but did not recommend that the complaint be upheld. He noted that section 75 of the Consumer Credit Act 1974 did not apply, because the payment had been made with a debit card, and agreed with Halifax that there were no grounds to seek a chargeback.

Miss M did not accept the investigator's view and asked that an ombudsman review the case.

## **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.

Where goods or services are paid for with a debit or credit card and a dispute arises, it is often possible to resolve that dispute through the chargeback process. Chargeback is a scheme run by the card schemes (in this case, Visa). A card issuer (here, Halifax) raises a claim through the scheme against the merchant's provider of card facilities. That provider will then consider whether the claim meets the relevant criteria for chargeback (if necessary, seeking evidence from the merchant) before responding to the claim. Where necessary, the scheme provides for arbitration between the financial businesses.

Chargeback is however primarily a scheme for resolving disputes about payment settlements – including, for example, where payments are not authorised or are duplicated, or where goods have been paid for but not delivered. It can therefore have the effect in some cases of resolving disputes between merchants and consumers, but it is not always an appropriate or effective mechanism for achieving that aim, especially where the dispute is about the quality of goods or services.

There is no legal or regulatory obligation on a card issuer to pursue a chargeback claim, but this service takes the view that they should do so where there is a reasonable prospect of success.

I note that A said that it could not accept a return because (i) the outfit was made to measure and (ii) it had been worn. That was not a complete answer to Miss M's claim against it, however. A was still obliged under the Consumer Rights Act 2015 to provide goods which were of satisfactory quality, and Miss M says that it did not do so.

It is not for me to say whether Miss M has a claim against A, however. What I must do is consider whether Nationwide acted fairly in its handling of Miss M's complaint and, in particular, whether it was reasonable not to pursue a chargeback claim. A chargeback claim based on the quality of goods is generally only likely to be successful where goods have been returned in the same condition in which they were delivered. Given Miss M had worn the outfit and had not returned it within the relevant time limit of 14 days, I think Nationwide was right to take the view that a chargeback was unlikely to produce a successful outcome for Miss M. Its decision not to pursue a claim was, in my view, reasonable. In saying that, I understand why Miss M did not return the outfit immediately; unfortunately, however, the fact that she was unable to do so meant that a chargeback claim was unlikely to succeed.

Nationwide accepts that it should not have advised Miss M to return the outfit. It has however paid her £50 in recognition of that and has reimbursed Miss M's postage costs. In my view, that is a fair resolution, and I don't require Nationwide to do any more.

### **My final decision**

For these reasons, my final decision is that I do not uphold Miss M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 4 February 2025.

Mike Ingram  
**Ombudsman**