

The complaint

Mr A complains Bank of Scotland plc trading as Halifax unfairly handled his chargeback claim and closed his account.

What happened

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

In June 2023 Mr A used his Halifax account to make three purchases from a market stall in Romford. These totalled £2,214. Mr A returned to the stall at the end of July 2023 to collect the goods he had purchased and was informed they had not arrived. Mr A was told he would receive a full refund, but no funds were returned.

Mr A contacted Halifax regarding the purchases. Halifax temporarily credited Mr A with the full amount whilst it reviewed the chargeback claim that Mr A raised.

Following its review of the available evidence Halifax made the decision to decline the chargeback claim. It also reviewed Mr A's account and made the decision to end its relationship with Mr A.

Mr A raised a formal complaint about the handling of his chargeback claim and account closure. Halifax reviewed these concerns and explained it had reviewed the chargeback claim correctly and didn't refund the amounts paid due to the responses and information received as part of the claim. It also explained that it didn't have to disclose the reasons it had decided to end its relationship with Mr A.

Unhappy with the response received Mr A referred his complaint to our service. An Investigator reviewed his concerns and found that Halifax had acted fairly in its handling of the chargeback and account closure.

Mr A remained unhappy and maintained Halifax had acted unfairly. The case has been referred to me – an ombudsman – for a final 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.

I appreciate Mr A was disappointed by the investigator's opinion. I'd like to reassure Mr A that I've considered the whole file and what's he's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

I would add too that our rules allow us to receive evidence in confidence. We may treat

evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Halifax has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr A, but I'd like to reassure him that I have considered everything that he's told us.

I will deal with each key aspect of Mr A's complaint in turn.

Chargeback

Mr A used his debit card to make the purchases in June 2023. Because the payments were made on a debit card, chargeback was the only option for Halifax to potentially pursue a refund for Mr A. Whilst there are some protections under the relevant chargeback scheme, there isn't a guarantee of a refund.

The chargeback process is voluntary and run by the card scheme whereby it will ultimately arbitrate on a dispute between the merchant and customer if it cannot be resolved between them. Such arbitration is subject to the rules of the scheme - so there are limited grounds on which a chargeback can succeed or be deemed a 'valid claim'. Our role in such cases is not to question the card scheme rules. Instead we must determine whether the regulated card issuer – in this case Halifax acted fairly and reasonably when presenting (or choosing not to present) a chargeback on behalf of Mr A.

Based on the evidence provided from Halifax I can see it gathered information from Mr A about his purchases and interactions with the merchant. Halifax returned the amounts in dispute to Mr A whilst it contacted the merchant to obtain further details. Based on the responses received to its queries, Halifax decided there was no entitlement to a refund as set out in the chargeback regulations. This is a decision Halifax is entitled to make, in light of the chargeback rules and evidence provided. Looking at the information provided, I think Halifax took the appropriate steps to pursue the chargeback on behalf of Mr A and I think Halifax reached the decision not to refund the amounts to Mr A fairly.

Account closure

Halifax is strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. They're also required to carry out ongoing monitoring of new and existing relationships. In Mr A's case the review of the account by Halifax as a result of the chargeback claim led to its ultimate decision to block and then close Mr A's account.

The terms and conditions of Mr A's account set out that the bank can close the account by providing 60 days' notice. In certain circumstances, it can also close the account immediately. In this case Halifax blocked Mr A's account, allowing him access to essential funds only, so I consider this to be akin to an immediate closure. For Halifax to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the Halifax has provided, I'm satisfied that Halifax did.

I can see Mr A used his Halifax account regularly and he feels the closure is unfair. As noted above, this service has received information in confidence, which I am unable to share with Mr A. I must also highlight that Halifax is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Halifax should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. As long as they reach their

decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene.

Based on the evidence I've seen I am satisfied Halifax has closed Mr A's account for fair and proper reasons. I understand Mr A wants Halifax to explain the reason it closed his account. But Halifax is under no obligation to tell Mr A the reasons it no longer wants him as a customer as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr A this information. And it wouldn't be appropriate for me to require it do so.

I know this will not be the outcome Mr A was hoping for and he will be disappointed with the decision I've reached. However, I hope it provides some clarity around why I won't be asking Halifax to take any further action or compensate Mr A.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 20 November 2024.

Chandni Green
Ombudsman