

The complaint

Ms D complains about how Bank of Scotland plc trading as Halifax handled a claim she made to it.

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my informal remit.

Ms D said she bought an online coaching product from a supplier using her debit card. She paid it about £245 but says that the supplier blocked her access to the product.

Ms D wanted a refund so approached Halifax which considered her claim but did not refund her. It did accept there were some customer service issues with its claim handling and awarded Ms D £40 for this.

Our investigator felt that Halifax had acted fairly but Ms D wants an ombudsman to look at things again for a second opinion. Therefore, the case has been passed to me.

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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes informally.

I am sorry to hear Ms D is unhappy with the service she paid for. However, it is important to note that my decision here is about the actions of Halifax – and what it should fairly have done for Ms D in its position as a provider of financial services. In looking at how it handled the claim Ms D brought to it I consider the information reasonably available to it at the time, along with the relevant card protections available to Ms D.

I note here that Ms D used a debit card to pay the supplier, so the protection of Section 75 of the Consumer Credit Act 1974 ('Section 75') would not be available. So I don't consider it unfair that Halifax did not look into this when considering the claim.

I can see that Halifax did consider a chargeback – which is relevant here to debit card transactions.

Chargeback is governed by the card schemes. In this case the card appears to be a Visa card so it is the Visa scheme rules which apply.

While chargeback is not guaranteed to succeed it is often good practice to raise one. Here I can see that Halifax did raise a chargeback for Ms D (for a service not provided) and issued her a temporary refund of about £245. So far it looks like Halifax acted fairly in trying to assist Ms D in this way.

However, it appears that the supplier defended the chargeback to Halifax. From what I can see the supplier provided a robust rebuttal to the claim that it had acted incorrectly. It explained that Ms D had received 1 month of coaching services including access to messaging and its portal but she did not make the agreed follow up instalment payments – it provided its terms and conditions which stated three monthly payments were required. Because Ms D did not finish paying for the service the supplier says it blocked her access.

It appears from the evidence I have seen that Halifax wrote to Ms D to decline the chargeback and request any further information – but Ms D did not provide anything persuasive to counter.

On the face of it Halifax were not acting unfairly in discontinuing the dispute here and taking back the temporary credit, particularly noting that from its defence it appeared the supplier had not acted in error.

It appears when it initially informed Ms D of the chargeback decline Halifax didn't send over all the information that the supplier gave it. So for completeness, I have considered if this likely made a difference to the outcome of the chargeback in any event.

However, I don't see Ms D has provided persuasive follow up information that would have meant the chargeback would have succeeded had it been taken further in any event. I know Ms D has said the course was advertised as having lifetime access so one payment of the three instalments owed should have given her access 'for 1/3 of a lifetime' but I don't see any persuasive evidence that this was an option here.

Ms D has mentioned some other things about being willing to pay for the remainder of the service but not being given the chance by the supplier and it 'dissolving' the contract prematurely. Ms D also mentions illegality. A chargeback for 'service not provided' is relatively straightforward and not like a claim under 'Section 75' where more detail around breach of contract would likely be factored in. With this in mind I don't consider there to be strong evidence that Ms D would have succeeded in showing she had a valid chargeback for a service not provided when ultimately Ms D had not paid all the instalments for said service.

While I am sorry the chargeback not succeeding has led to Ms D being overdrawn I don't consider that Halifax is at fault here for that.

I have considered more widely Halifax's customer service during the claim. I note that it offered Ms D £40 compensation as it identified some service failings namely that it kept her on the phone for some time and also did not provide her information she wanted. I have asked Ms D about the £40 award and she said she wasn't aware of it – but she also hasn't given me reason to increase the award. Ms D has focused on the outcome of her claim which appears to have had the most significant impact on her. Overall, and with this in mind it seems Halifax's customer service failings were not significant and did not likely lead to a wider financial loss in any event. And in the absence of persuasive evidence to the contrary I think that the modest compensation offered for what it said went wrong is not unreasonable (also noting that it apologised to Ms D too).

I appreciate this might not be the outcome Ms D wants – but I am looking at things informally. Ms D is free to reject my decision and pursue matters by alternative means such as court if she wishes.

Putting things right

From what Ms D has said I am under the impression she didn't receive the compensation

Halifax says it sent her. Halifax can look into this and if it transpires it has not done so already it should pay Ms D the £40 compensation it offered for its service failings.

My final decision

I direct Bank of Scotland plc trading as Halifax to pay Ms D £40 compensation if it has not done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 20 August 2024.

Mark Lancod
Ombudsman