

The complaint

Mr F has complained about the way Bank of Scotland plc trading as Halifax dealt with his request for money back.

What happened

In January 2023 Mr F entered into a contract for dental aligner treatment with a company I'll call "S". To pay for the treatment he entered into an 11-month fixed sum loan agreement with S. From what I can see, Mr F made card payments to S through a company I'll call "T" – a separate company to S – using his Halifax debit card.

S went out of business in December 2023. I understand Mr F contacted Halifax in 2024 to ask for a refund of the payments he'd made to S, via T. It requested information and gave a temporary refund. Halifax ultimately responded to say it could only help refund one payment out of eight that were made because Mr F was out of time to claim for the previous seven. So it re-debited him those seven payments in June 2024. It also paid him £40 because it didn't log his complaint when he first contacted it.

Mr F decided to refer his complaint to the Financial Ombudsman. Our investigator didn't think Halifax needed to take any further action.

Mr F didn't agree. He said it was unfair he had to pay for the aligners when S went out of business. He thought he should receive a full refund. As things weren't resolved the complaint has been passed to me to decide. I wrote to the parties to provisionally say:

I'm considering whether Halifax has acted fairly and reasonably in the way it handled Mr F's request for getting his money back. In situations like this, Halifax can consider raising a chargeback.

The chargeback process provides a way for a card issuer to ask for a payment to be refunded in certain circumstances. The chargeback process is subject to rules made by the relevant card scheme. It's not a guaranteed way of getting money back.

While it's good practice for a card issuer to attempt to chargeback where certain conditions are met and there's some prospect of success, there are grounds or dispute conditions set by the relevant card scheme that need to be considered. If these are not met, a chargeback is unlikely to succeed. And something going wrong with a merchant won't always lead to a successful claim.

Mr F's claim was in relation to him saying S went out of business and so could no longer provide him the service he'd paid for. The relevant chargeback code would be either defective services or services not received. But the problem I can see is that he was trying to claim back payments he'd made towards a fixed sum loan agreement with S, that was administered by T. The payments he made were to pay back a credit agreement he'd taken out to pay for the dental treatment. He wasn't paying S direct for the dental goods or dental services he said were either defective or not supplied – he was paying towards a loan. So

even had Halifax been able to raise a chargeback for all the payments Mr F made, I don't think there'd have been a reasonable prospect of success.

Halifax refunded Mr F one of the payments he'd made that it said was raised within the relevant time limit for a chargeback to be considered. It also paid him £40 for not logging his complaint. I can't see there are grounds to direct it to do more than this. So I'm not intending to direct it to do anything else."

I can't see we received a response from Halifax. Our investigator spoke to Mr F and he said he was unhappy with the proposed outcome. He said he wasn't aware of the time limits Halifax referred to. He said S had vanished so he could no longer get help from it. He wanted help getting his money back.

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'm sorry to hear Mr F is still unhappy. I appreciate he says he's lost out, but it's important to note I'm not considering a complaint against S, I'm considering a complaint about how Halifax has acted. I can't direct it to refund him if there's no grounds to do so. I've set out why I can't for the reasons given above. I'm therefore not directing Halifax to take any further action.

My final decision

My final decision is that Bank of Scotland plc trading as Halifax has done enough to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 14 April 2025.

Simon Wingfield

Ombudsman