

The complaint

Dr R complains that Bank of Scotland Plc trading as Halifax allowed two payments to be taken from her current account which she says she didn't authorise.

What happened

In May 2023 Dr R attempted to purchase return flights from a merchant I'll call "X" using her Halifax debit card. Dr R says she tried to do this twice and was told both times that money could not be taken (i.e. the payment had been declined). Dr R said she then attempted to purchase the flight from X using a credit card she held with another provider. This payment was successful and Dr R subsequently travelled using these flights.

However, Dr R was charged for two payments to X for £200.82 and £240.71. Dr R disputed this with Halifax. She feels Halifax has allowed fraudulent payments to be taken from her account and that this is part of a scam.

Halifax raised a chargeback on Dr R's behalf to try to recover the two payments. However, it was defended by X and was ultimately unsuccessful. Halifax initially credited Dr R's account for the disputed payment amounts while the dispute was ongoing. However, after the chargeback was unsuccessful, Halifax re-debited her account for the disputed amounts. Dr R argues that prior to re-debiting her account Halifax did not contact her to warn her this would be taking place.

Dr R has also raised a number of concerns about the service she's received from Halifax while she has tried to recover these payments and in its handling of the chargeback. She states that Halifax has failed to keep her updated, respond to her requests for information and that she has found it difficult to contact Halifax. She has found their online portal was not user friendly and she needed to wait for over 30 minutes each time she tried to call Halifax. Halifax argues Dr R authorised the two payments in dispute. It argues that after the two disputed payments were made a third payment was attempted which it declined. Below is the timeline of events Halifax has said took place:

- 12 May 2023 at 11:24am payment to X of £200.82 in dispute
- 12 May 2023 at 11:36am payment to X of £240.71 in dispute
- 12 May 2023 at 11:46am payment to X of £182.56 – declined by Halifax

(For context there was also an initial payment to X made using Dr R's Halifax debit card at 9:29am on the same day for £10.48. Dr R does not dispute this payment).

Halifax argues that the two payments in dispute were authorised by Dr R using her trusted device, i.e. her mobile phone. It said a "*one-time passcode*" was sent to her mobile phone during each transaction. It argues Dr R then inputted the passcodes received when making the transaction and therefore authorised the transaction.

As explained above, during the chargeback process X defended the claim. It provided evidence to show that the flights for the two disputed payments were in Dr R's name. (One flight was in the name Dr R regularly uses and the other was in her legal name.) In addition,

the email address used for both purchases shows a clear typo in the later part of the address. Halifax reviewed the information from X which it states confirmed there were separate bookings and the amount charged to Dr R's separate credit card was a different amount to the two in dispute. So it argues the chargeback (for "*Processing Error – Paid by Other Means*") was defended and unlikely to be successful. Halifax therefore didn't pursue the chargeback further.

Halifax did agree it made errors in the handling of this dispute. In particular whilst Halifax argues it did inform Dr R via text message that the credits for the disputed amounts were temporary (subject to the outcome of the claim) it agrees it didn't inform Dr R prior to re-debiting the amounts. Halifax has paid Dr R £100 in compensation and apologised. Dr R referred her complaint to our service and an investigator considered the complaint. The investigator didn't uphold the complaint. She concluded that Dr R authorised the two payments. She thought Halifax had processed the chargeback in line with the scheme rules and that the £100 compensation offered was fair.

Dr R provided a substantial response disagreeing with the findings of the investigator. She also asked for copies of some of the information the investigator has relied on which have been provided as part of this decision.

As Dr R didn't agree with the investigator the complaint has been passed to me to consider.

I issued a provisional decision setting out my initial thoughts on the complaint and sharing relevant information with Dr R. Below is an extract of my decision which has been redacted where applicable due to publication. However, both parties were provided with a complete copy including attachments. In my provisional decision I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've read everything that the parties have said, but I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point it's not because I've failed to consider it, but because I don't think I need to comment in order to reach a fair and reasonable outcome. And our rules allow me to do this. This reflects the nature of our service as a free and informal alternative to the courts.

Authorisation of the two disputed payments

The Payment Services Regulations 2017 are relevant here. Generally, unless Dr R authorised a transaction, Halifax had no authority to debit her account. Dr R has said she didn't authorise the two transactions, so I have to decide whether or not I think she most likely authorised the disputed transactions.

The two payments in dispute took place before the subsequent payment was declined. I have also enclosed screen shots provided by Halifax of the transactions which took place:

[Redacted]

Halifax has also provided two screenshots from X to show that the two bookings took place, one in Dr R's legal name and the other in a variation of her name which she uses on a regular basis. (See Attachment One). The cost of each of these two flights match the costs in dispute (as opposed to the later amount she paid on her credit card with another provider for the flights she actually took). So I'm satisfied both bookings for the disputed payments were in Dr R's name.

I understand there has been some confusion and Dr R was under the impression that one of the flights in dispute was booked in a third party's name she didn't recognise. She's told us

that during a conversation with Halifax the advisor was reviewing the flight manifest provided by X and told her one of the flights was booked in another name. I can see another party is listed on the flight manifest, but I think it's most likely the advisor misunderstood the information they were reviewing. I've reviewed the flight manifest and it actually reinforces that there were two flights in Dr R's names and that no one flew on either ticket. On the flight manifest the names given for Dr R match her legal name and the variation of her name detailed on the bookings screenshots. The flight manifest also gives different passenger numbers for the two entries under Dr R's names and they match the passenger numbers on the booking screenshots. (As explained above the cost of each flight on the booking screenshots match the payments in dispute.) And finally X has said that both tickets were not used and "NS" (no show) has been recorded under "lift status" on the flight manifest. I have attached an extract of this – see Attachment Two.

So taking all this into consideration, I'm satisfied that both bookings took place in Dr R's name for the amounts in dispute and neither ticket was used.

Halifax has said that in order to complete the payment Dr R would have needed to have authorised the payments. Halifax has previously said this was via online banking but has since confirmed that a text message was sent to Dr R's phone and she would have needed to have inputted this code during the transaction for it to have been approved. Halifax has provided a screenshot which states "AUTHENTICATION_SUCCESS" and under "Auth Method" it states "SMS_OTP" (One-time password). It has said Dr R's mobile number was registered to receive one-time passwords.

Taking everything into consideration I think it's most likely that at the point of making the payments Dr R consented to the payments and authorised them. As such the payments were authenticated by Halifax and I can't see that Halifax made an error in processing the payments. Both flights were in Dr R's name. And I think it's most likely that given there was a typo in the email address she provided, Dr R didn't receive a booking confirmation. So I think she continued to try and book the flights, believing the booking hadn't gone through. When she received notice that the third payment had been declined, the timeline suggests Dr R then proceeded to make the booking using her credit card with another provider. She was successful in making this booking with X and travelled using these tickets.

Dr R has queried why she would make a booking in the name she regularly uses rather than her legal name, as she wouldn't be able to fly unless the flight name matched her passport. I can't know the answer to this. She may have made another error during the application process like I think she most likely did with her email address. However, I don't think this makes a difference to the outcome of this complaint. The evidence suggests it's most likely Dr R booked the flights, consenting to and authorising the two payments in dispute. I therefore can't recommend that Halifax refund these payments.

Dr R has also asked why the subsequent payment (at 11:46 am) was declined. Halifax has confirmed that because this was Dr R's fourth payment in a short space of time and to the same merchant (X) it was declined due to potential fraud. I think this is a reasonable explanation and I don't think this demonstrates that the earlier payments should have also been declined (as it is only due to the total number of payments to X that had already taken place that this payment was declined).

Chargeback

A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant card scheme rules. It allows customers to ask for a transaction to be refunded in a number of situations, some common examples being where goods or services aren't provided, where goods or services are defective, or where goods or services aren't as described. In this case the chargeback reason used was "Processing error – Paid by Other Means".

There's no automatic right to a chargeback; the chargeback process doesn't give consumers legal rights; and chargeback is not a guaranteed method of getting a refund because

chargebacks may be defended by the merchant. This is because the rules, set out by the card scheme lay down strict conditions which must be satisfied for a chargeback claim to succeed. If a financial business thinks that a claim won't be successful, it doesn't have to raise a chargeback. But where there's a reasonable chance of success, I'd expect a financial business to raise a chargeback.

It's important to note that chargebacks are decided based on the card scheme's rules – in this case VISA's – and not the relative merits of the cardholder/merchant dispute. So, it's not for Halifax – or me – to make a finding about the merits of Dr R's dispute with X. Halifax's role is to raise the appropriate chargeback and consider whether any filed defence by the merchant complies with the relevant chargeback rules.

The challenge here is that I don't think there is a chargeback reason which would cover what has taken place. When Dr R approached Halifax and the chargeback was raised, she argued that the payments had been taken in error and she hadn't authorised the payments. She also said that she'd made the correct payment on another card. Halifax used the reason code "Processing error – Paid by Other Means". However this was defended by the merchant. It was able to demonstrate that both of the flights in dispute had been purchased separately and for varying amounts to the subsequent purchase on her credit card. So it was not the case that a single transaction was processed more than once (which would be the circumstances applicable for this chargeback reason). X also showed that the flights went ahead and so it had provided the service Dr R paid for. Therefore goods/services not provided was also unlikely to be a successful chargeback reason. As the chargeback was defended it was ultimately unsuccessful.

As I've explained I can't see that a chargeback in these circumstances was likely to be successful (as the evidence suggests Dr R purchased multiple flights in error and authorised each payment.) So even though I think there were failings in how Halifax handled the chargeback (which I've discussed further below), I don't think Dr R has lost out directly as a result of this.

Halifax's handling of the dispute

Halifax has acknowledged it made errors in how it handled the dispute. In particular, it said it failed to tell Dr R that it was re-debiting the two payments in dispute and Dr R was left to discover these when reviewing her account. Dr R has spoken of the challenges she's had when trying to contact Halifax to discuss this matter or use their online portal. Halifax has also noted Dr R has been consistent at sending in documentation (i.e. actively trying to progress her claim) and has had to chase Halifax to try and find out the progress of it.

In addition, I'm also mindful that a great deal of confusion about the facts and the timeline of events could have been avoided had Halifax provided clearer details to Dr R about this.

Taking all this into consideration, I think Dr R has experienced some distress and inconvenience as a result of Halifax's handling of this matter. Dr R told us how upsetting she's found this experience particularly given how many times she tried to contact Halifax and the length of time things were taking. I can see Halifax has already paid Dr R £100 compensation. I think it needs to increase this by a further £200 (to £300 in total) to compensate Dr R for the trouble and upset caused.

In response both parties accepted my provisional 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.

As both parties have accepted my provisional decision and not raised further arguments, I see no reason to depart from the findings reached in my provisional decision (which forms

part of this decision.)

To summarise I think Dr R consented and authorised the payments in dispute. So I don't think Halifax were wrong to debit her account. And I don't think the chargeback had any real prospect for success, so I don't think Halifax acted unfairly in accepting the defence from X. I do think there were failings in how Halifax handled the dispute and I think this would have caused Dr R distress and inconvenience. So I think Halifax should pay Dr R a further £200 compensation (in addition to the £100 already paid) to compensate her for this.

My final decision

For the reasons explained above, I uphold this complaint in part against Bank of Scotland plc trading as Halifax and require it to put things right in the way I've described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 14 January 2025.

Claire Lisle
Ombudsman