

The complaint

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

What happened

Mr J said in 2021 he entered into a contract for dental treatment. To pay for the treatment a continuous payment authority ("CPA") arrangement was set up through a company I'll call "T" – a separate company from the supplier. Mr J said the total cost for the dental treatment and lifetime aftercare was £1,339. He said he paid about £900 towards it using his Halifax debit card through the CPA.

Mr J said the dental treatment provider went out of business so it would no longer be able to provide the lifetime aftercare. He said he was unhappy T was still trying to take money from him, so he asked Halifax for help. He wanted Halifax to stop allowing payments to go through and he also sought a refund of some of the money he'd already paid through T.

Halifax initially said the last payment it could see taken was from July 2022. It said the maximum time it can block a CPA was 13 months which should allow enough time for any disputes with the relevant company to be resolved. It said if Mr J thought any debit card payments had been taken incorrectly it may have the opportunity to raise a chargeback. But it said this needed to be done within 120 days of the payment or service date. It said debit card payments aren't covered by the Consumer Credit Act 1974. Mr J decided to refer his complaint to our service.

Halifax sent its file to us and initially said the following payments were taken:

October 2021	£111.58
December 2021	£111.58
January 2022	£111.58
June 2022	£111.58
July 2022	£111.58

Halifax later found another payment of £111.58 had been made in November 2023 which it had missed. To say sorry, it refunded Mr J the November 2023 payment with 8% simple annual interest, along with £50 compensation. It said it did this because Mr J contacted it within the 120-day window in which it could have raised a chargeback.

One of our investigators looked into things and thought Halifax's answer was broadly fair. He didn't think Halifax could have raised a chargeback for the transactions from 2021 and 2022 because of the time limits that apply. He thought Halifax's response and compensation for the 2023 transaction was fair. And he didn't think the 13-month timescale for putting a stop on the CPA was unfair either because it gave enough time for Mr J to resolve things with T. He noted Mr J had said he'd been trying to resolve matters with Halifax for some time, but our investigator couldn't see sufficient evidence of that.

Mr J didn't agree. He said the dental treatment provider was no longer trading but it was still trying to take money from him despite him changing his card details. He said this wasn't fair because he could no longer use its service. He said the CPA should be shut down.

I issued a provisional decision that said:

I'm considering whether Halifax has acted fairly and reasonably in the way it handled Mr J's request for getting his money back and the way in which it helped stop further payments being authorised.

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.

I've looked at the relevant rules from the card scheme. In order for Halifax to raise a chargeback for services not provided it would have had to do so within the strict timescales laid down by the scheme. This is 120 days from the last day of expected service and no longer than 540 days from the date of the transaction in dispute. Mr J raised his claim (for the 2021 and 2022 transactions) out of time taking these rules into account, so I don't think Halifax acted unfairly by not pursuing the chargeback for those. I don't have sufficient evidence he tried to dispute those transactions in time. As far as I know, the dental treatment provider went out of business in December 2023, so I think it's unlikely he tried to raise the same claim or complaint before this. There's insufficient evidence that's what happened.

Halifax decided to reimburse Mr J the 2023 transaction with interest. And it paid him £50 compensation. This seems reasonable, and I don't find I have the grounds to direct it to do more for that.

The outstanding matter in dispute is that Mr J is unhappy payments may still be sought through T. Halifax has put a stop to the CPA but says this can only last for 13 months.

I need to resolve the complaint quickly and with minimum formality. T is still trading and is authorised and regulated by the Financial Conduct Authority ("FCA"). If Mr J thinks T should not be seeking payment from him, he may wish to contact it to raise a complaint. If he's unhappy with its response, it may be something our service is able to consider for him.

I'm conscious there's a lack of evidence for what may or may not fairly be owed through T. But I'm not considering what is owed through T in this decision. I'm mindful that Mr J should have the right to cancel the CPA through Halifax. The FCA first published a page called "Continuous payment authorities: it is your right to cancel" in June 2013 and updated it in 2021. This says Mr J has the right to cancel the CPA directly with Halifax and that it must stop payments immediately. It's important to note Mr J may still be responsible for paying money he owes, which is why I said he may wish to contact T. But the FCA set out that "Any related payments taken after you ask for a continuous payment authority to be stopped are considered to be unauthorised transactions. Card issuers must refund these payments and any related charges immediately." I can't see anywhere that Halifax only needs to do that for 13 months. While I appreciate a 13-month stop would be fine for most customers, I'm minded to say that it should be able to put a stop to the CPA permanently, otherwise any transactions to T through this CPA would be unauthorised. I think that seems like a fair and reasonable step to take.

In summary, Mr J has the option to speak to T about whether the money is fairly being sought. Halifax has refunded Mr J the sum from 2023 which is the payment that it may have been able to recover through chargeback. And it's paid him £50. I've not seen enough to show Halifax didn't respond to a previous claim or complaint about the CPA with T fairly. I think its offer is broadly fair. But I also think it should put a lasting stop to the CPA.

Halifax said it had cancelled the CPA as per its duties. It apologised if this wasn't made clear. It said it always advises the customer to cancel with the merchant as well, as it has found instances where merchants have changed their name and payments have slipped through this way. It said any future payments that did occur would be refunded.

Mr J responded to say he wanted to understand why Halifax failed to take appropriate action despite his numerous attempts to stop the CPA. He said it caused frustration and delays. He requested further compensation.

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'd like to thank the parties for their responses. I've not been supplied anything new that leads me change the outcome I proposed in my provisional decision. I've not seen sufficient evidence Halifax failed to deal with the numerous requests from Mr J he said he made about the CPA. I think it's fairly compensated Mr J for missing the transaction from 2023. It's not clear that sum would definitely have been recoverable even had a chargeback been raised. In the round, I still think the outcome I proposed is broadly a fair way to put things right, for the reasons already given.

My final decision

Bank of Scotland plc trading as Halifax has paid Mr J £166.58 (£111.58 with interest and £50 compensation). I think this offer is fair. It should also, to the extent not done so already, put a lasting stop to the CPA with T.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 10 March 2025.

Simon Wingfield
Ombudsman