

The complaint

Mr and Mrs J complain that Bank of Scotland plc trading as Halifax has declined to refund disputed transactions that were made from their account.

What happened

Between July and November 2024, a number of transactions totalling around £3,000 were made using both Mr and Mrs J's debit cards linked to their Halifax current account. The reference for each disputed transaction was the same on their statements, and the transactions ranged in value - between £10 and £30 on average each time.

When Mr and Mrs J discovered these transactions, they reported them as unrecognised to Halifax and asked it to refund the money. But the bank didn't think it was liable for their loss. But, when Mr and Mrs J discovered further transactions and again reported them to the bank, these further amounts were refunded.

Unhappy with the way Halifax had responded to their fraud claim, Mr and Mrs J raised a complaint. In response, the bank said:

- Mr and Mrs J confirmed that they still had their debit cards in their possession, and they had not left their possession. They'd also said that nobody else has access to their cards.
- It was unable to see how someone else could've obtained the debit cards to make the disputed transactions. And there wasn't enough evidence to conclude that they were fraudulent.
- After it declined the fraud claim, there were two payments refunded that hadn't been included initially. This shouldn't have happened, and the bank should've been clear the fraud claim had been declined in full. As this was the bank's error, the payments it refunded would not be taken back.
- It was sorry it provided poor service and paid £250 compensation to Mr and Mrs J as a result of this service.

Mr and Mrs J then referred their complaint to our service where it was considered by one of our investigators. But from the evidence available, she didn't believe Halifax was responsible for refunding the disputed transactions to Mr and Mrs J, because she believed they most likely authorised them.

As no agreement could be reached, the complaint has been passed to me to decide.

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.

Having done so, I realise this will come as a disappointment to both Mr and Mrs J, but I've

reached the same outcome as our investigator, and for broadly the same reasons. I'll explain why.

The relevant regulations here are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them. So, what I have to decide here is whether it's more likely than not that Mr and Mrs J, or someone else using their genuine cards, authorised the disputed debit card transactions.

From the evidence I've seen from Halifax's electronic records, I'm satisfied that all the disputed transactions were carried out using both Mr and Mrs J's genuine cards. I say this because I'm satisfied that the chip on both Mr and Mrs J's debit cards was read when each transaction was processed using the contactless facility. These are the same cards that have been used for genuine transactions either side of the disputed ones. For example, on 13 November 2024 at 1.45pm, debit card ending 6955 was used to withdraw £20 at an Automated Teller Machine (ATM). And then later that day, at 5.34pm, the same card was used for a transaction of £25.71 that Mr and Mrs J say wasn't made by either of them.

It's not generally thought possible to copy the chip on the card, and our service hasn't come across any cases where we felt this was a likely explanation of what happened. I haven't seen any persuasive evidence this is what happened in this case. I note that whilst the name of the merchant(s) isn't specified on Halifax' systems, which is unfortunate, I can see that all disputed transactions were made in Mr and Mrs J's local area. I'm sorry I won't be able to clarify for Mr and Mrs J the location of the retailer(s), and I fully appreciate Mr J's comments that their routine is simple, that they shop locally, and once a week they go to a supermarket a few miles away. But, I don't consider transactions of this value, spread over a number of months on both Mr and Mrs J's genuine card, to be the actions of an unknown, unauthorised third party.

When I consider what we know overall about the way Mr and Mrs J operates their account, their communications with our investigator, and the circumstances of all transactions they've disputed on their Halifax account, it's possible that someone known to Mr and Mrs J could've made these transactions without their knowledge. In doing so, they would need to have taken Mr and Mrs J's card, use them in their local area, and then return them all without Mr and Mrs J noticing. Mr and Mrs J have told us no one they know could've done this. So, in view of this, I can't fairly conclude that the disputed transactions were carried out by an unauthorised individual. And taking into account the relevant regulations, this means Halifax is entitled to hold Mr and Mrs J liable for them.

Customer service issues

Mr and Mrs J raised concerns that some members of Halifax staff provided them with poor service on the telephone. They felt they were being accused of attempting to defraud the bank, and Halifax has said that there was an occasion where an advisor didn't listen to Mr J and the service fell below its expected standards.

I can appreciate this would've been upsetting for Mr J. At a time where Mr and Mrs J were worried about their account. I also recognise that they were given conflicting information about their fraud claim – being told they were liable for the transactions and then later on, receiving some of the money back. I agree with Halifax that this was a mistake, but I accept it would've caused Mr and Mrs J trouble and upset.

When I consider the £250 compensation the bank has already paid as a result of the poor service it provided to Mr and Mrs J, I find this amount is fair and reasonable in the circumstances.

Taking everything into account, I know this isn't the outcome that Mr and Mrs J were hoping for, but I don't require for Halifax to do anything differently here. I find it was reasonable for Halifax to treat the disputed transactions as authorised.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J and Mrs J to accept or reject my decision before 24 October 2025.

Lorna Wall
Ombudsman