

The complaint

Mr W complains about the quality of two pairs of prescription glasses he purchased using his debit card supplied by Bank of Scotland plc trading as Halifax ("Halifax").

What happened

In August 2023, Mr W purchased two pairs of prescription glasses from a supplier I'll refer to as "S". The cost of the glasses was £794, however after various discounts, this amount was reduced to £464.10. Mr W paid for the prescription glasses using his debit card which was issued by Halifax.

Mr W says when he collected the glasses, the prescription wasn't correct. He complained to S and it said he needed to return the new glasses. Mr W suggested to S that once it had sorted out the correct prescription, it should reglaze his existing glasses with the correct prescription as this would be easier to achieve. Mr W said he returned two pairs of glasses in early September 2023, but he wasn't provided with a refund. He also said he collected his existing frames which S had reglazed. In December 2023, Mr W contacted S and said it owed him £200. However, Mr W says S didn't provide a refund. Mr W complained to Halifax.

In January 2024, S emailed Mr W and said it would issue a refund to him, but it said it required the return of the second frame that was in Mr W's possession. Mr W disputed this and said he had had entrusted three pairs in total to the branch associate – two of which he returned in September 2023. He said S had acted unethically as it hadn't provided him with a receipt confirming the return.

Halifax issued its response to Mr W's complaint in February 2024. It said it couldn't raise a dispute through the VISA chargeback scheme as Mr W had referred his complaint outside the 120-day time limit. It didn't uphold Mr W's complaint.

Mr W complained to Halifax in March 2024 and it provided him with a temporary refund of £464.10. However, it re-debited this amount from Mr W's account in April 2024, as it said the chargeback remained out of time.

Unhappy, Mr W referred a complaint to this service. He said Halifax has incorrectly said a claim under the chargeback scheme was out of time as he was only told in December 2023 that S wouldn't be issuing a refund. Mr W said Halifax was aiding and abetting S to commit a criminal fraud and scam. He said he didn't authorise Halifax to take the money out of his account after the chargeback failed and this caused him to go into an overdraft. Mr W said he wanted Halifax to provide him with a full refund and he had suffered, distress, anxiety and inconvenience. Mr W also mentioned that the Consumer Rights Act 2015 ("CRA") said all remedies for a breach of contract must be performed in a reasonable time without significant inconvenience. He also said he wasn't treated fairly under the Consumer Duty rules. Following this, Halifax made an offer to pay Mr W £100 as it incorrectly raised a chargeback complaint a second time.

Our investigator looked into Mr W's complaint but said he didn't think Halifax had acted unfairly when it didn't raise the chargeback initially for cancelled merchandise/services. He said Mr W raised his claim with Halifax too late and so, Halifax was unable to raise a chargeback claim. He also said that because Mr W had complained about the quality of the glasses, another chargeback could apply which was for goods not as described or defective merchandise/services. He said he hadn't been provided with any persuasive evidence to

show the glasses provided weren't as described or that they were defective. So, he didn't think a chargeback would succeed even if it had been raised. Having said this, he also said Halifax's offer to pay Mr W £100 was fair and reasonable, as he agreed that Halifax shouldn't have raised a chargeback for Mr W on a second occasion in March 2024.

Mr W disagreed and said that he wanted a copy of his debit card agreement with Halifax. He said he had a genuine dispute and so, Halifax didn't have a right to deduct the chargeback amount from his account. Mr W said this service was acting illegally.

As Mr W remained in disagreement, the case was passed to me to decide.

I wrote to Halifax and queried why it didn't raise a chargeback under the reason code for goods not as described. I explained that I was provisionally minded to decide that if a chargeback had been raised under this rule, as I think it ought to have been raised, the chargeback would have been in time due to that rule's time limits and that there may have been a reasonable prospect of success. I later explained to Halifax that I was also considering awarding some compensation for the distress and inconvenience caused and provided an estimated figure. This service also wrote to Mr W to explain how we were minded provisionally decide the complaint.

Halifax accepted a chargeback would have been in time had it considered the rule for goods not as described. It said Mr W had already confirmed to it that he had been charged £265.10 by S for having his existing glasses reglazed and this left a balance of £199 for S to refund. It said had it raised a chargeback, it would have raised it for £199. So it said it would offer Mr W £199 and pay Mr W £100 it had already offered in relation to the incorrect refund.

Mr W said whilst he was pleased this service was intending to provisionally uphold his complaint, he didn't think the proposed settlement was acceptable. He said he was lawfully entitled to receive £200 from S in December 2023 and the suggestion of additional compensation of around £150 wasn't acceptable. He said he had to suffer more than 15 months of hell and Halifax made him suffer financial loss, anxiety, distress and forced this financial inconvenience on him. He also said that Halifax fraudulently re-debited the chargeback from his account without any legal authority. Mr W said he wanted £464.10 refunded to him and a financial settlement from Halifax.

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've read and considered the whole file and acknowledge that Mr W has raised a number of different complaint points. I've concentrated on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it – but because I don't think I need to comment on it in order to reach what I think is the right outcome. The rules of this service allow me to consider complaints in this way.

Mr W has referenced different sets of legislation such as the CRA. However, this legislation isn't implied into the chargeback scheme rules as chargeback rules is not a legal right. So I haven't considered this legislation as part of this complaint.

Chargeback

A card issuer can attempt a chargeback in certain circumstances when a cardholder has a dispute with a merchant – for example where goods never arrived or where goods are faulty and not as described. Before a chargeback can be initiated by a card issuer, like Halifax, it's generally expected that the cardholder has attempted to resolve matters with the merchant first.

Chargebacks aren't decided on the merits of the dispute between the cardholder and merchant, but rather they're decided on the relevant card scheme's rules. Chargeback is not a legal right, there's no requirement legally for a card provider to raise a claim and there's no guarantee the card provider will be able to recover the money this way. The guidelines are set by VISA and Halifax has no power to change them.

In this case, given the acceptance of this part of my provisional determination, there is no longer a dispute that a chargeback could have been raised under the chargeback rules for goods not as described. Or that this would have had a reasonable prospect of success had it been raised. The outstanding dispute is how much Halifax should pay Mr W.

Halifax has offered Mr W £199. It said it wouldn't consider a full refund of £464.10 as Mr W's existing glasses were reglazed at a cost of £256.10, which left a balance of £199. It said this meant that Halifax would have only been able to raise a partial chargeback of £199.

I've considered Mr W's submissions. I can see that in Mr W's email correspondence with S, he said he wanted a refund of £200. Mr W also said he was told a representative from S had told him he was entitled to £199. In response to our email explaining how I was provisionally minded to decide the complaint, Mr W said he was legally entitled to £200 from S. So, it seems that there is no dispute that if Halifax had raised a chargeback using the correct chargeback reason code, it would have only been able to raise a partial refund as Mr W had received goods or services to the value of around £256.10. Halifax wouldn't have been able to raise the chargeback for the full amount of £464.10 and so, as a result of this, I'm satisfied that Halifax's offer to pay Mr W £199 is fair and reasonable and in line with the amount Mr W was expecting S to pay had it refunded him earlier. Halifax should also pay Mr W 8% applicable interest on this amount from the date the chargeback should have initially been raised in December 2023.

Did Halifax act unfairly or unreasonably in any other way?

Had Halifax correctly raised the chargeback in December 2023, Mr W would have likely received a refund of £199 in or around February 2024. However, because it didn't do this, Mr W has corresponded with a number of parties on a number of occasions over an extended period of time, in an attempt to resolve his complaint. This includes obtaining subject access requests and contacting other organisations and individuals for support. Mr W has also told this service about his personal circumstances and events that have occurred to him over his life. He has explained this event with the chargeback has caused him further distress and anxiety.

As a result of this, I'm satisfied that Mr W was caused distress and inconvenience as a result of Halifax not raising the chargeback when it should have done in December 2023. So, I think Halifax should pay Mr W £200 to reflect this.

This amount should be paid in addition to the £100 Halifax has already offered Mr W for it incorrectly raising a chargeback on a second occasion. I think £100 is a fair and reasonable amount for that error.

Mr W also has said he didn't give Halifax permission to re-debit the chargeback amount out of his account. He has asked this service to provide the law stating where Halifax is entitled to do this. However, chargeback is not a legal right so, there aren't any legal obligations upon Halifax ever raising one and nor is there a set legal process.

I can see that when Mr W contacted Halifax in March 2024, he was already aware that a chargeback had been declined by Halifax in February 2024. However, Halifax created a new case in error and refunded Mr W £464.10. It then later charged Mr W £464.10 when it realised its error. As Halifax realised its error, and Mr W was already aware it had declined his chargeback a month earlier, I don't think Halifax acted unfairly when it recharged Mr W. It was clear Halifax made an error given it had already declined to raise a chargeback. I'm obliged to consider what is most fair and reasonable in the circumstances and given Halifax

made an error and it has offered Mr W £100 in light of its error, I consider this to be fair and reasonable in all the circumstances.

My final decision

I uphold Mr W's complaint. I instruct Bank of Scotland plc trading as Halifax to do the following, unless it has already done so:

- Pay Mr W £199 which is the amount it would have been able to raise a chargeback for;
- Pay 8% simple interest this amount from the date Mr W raised his dispute in December 2023;*
- Pay Mr W a total of £300 for any distress and inconvenience caused.

* If Bank of Scotland plc trading as Halifax considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mr W how much it's taken off. It should also give Mr W a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

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

Sonia Ahmed
Ombudsman