

The complaint

Mr F complains Bank of Scotland plc trading as Halifax didn't do enough to help get a refund for a transaction made on his debit card.

What happened

In July 2024, Mr F bought a number of vintage bottles of wine at auction, paying with his Halifax debit card.

Having received the wine, Mr F said many of the bottles were leaking, which he says hadn't been disclosed prior to the sale. Having raised his concerns with the auction house, who I'll refer to as T, it didn't agree to provide a refund, so Mr F contacted Halifax for help.

Halifax raised a chargeback, which is a means of asking the merchant (T) for a refund, via rules set by the card scheme provider – Visa in the circumstances. The merchant defended the chargeback, so didn't agree a refund was due.

Halifax progressed Mr F's dispute to the next stage, known as pre-arbitration, however the merchant continued to defend the chargeback. Halifax considered all the evidence it had been provided and didn't think it had enough to be confident the dispute would be settled in Mr F's favour, if it was taken to the final stage of the process known as arbitration, where Visa would decide the outcome. So, it closed the dispute in the merchant's favour.

Unhappy with the outcome, Mr F complained. He said Halifax had raised the dispute under the wrong reason code, hadn't considered relevant consumer protection laws and hadn't fairly assessed his evidence.

Halifax didn't agree it had done anything wrong. Mr F therefore referred his concerns to our service. One of our Investigators looked into what happened and thought Halifax had acted reasonably, so didn't think it needed to do anything further.

Mr F disagreed, saying his dispute was that the wine had been misrepresented as the merchant hadn't disclosed it was leaking. Therefore, Mr F said Halifax, had raised the chargeback under the incorrect code, and had it not done this, his dispute is likely to have been successful.

As the matter remained unresolved, it's 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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

I'm looking here at the actions of Halifax and whether it acted fairly and reasonably in the way it handled Mr F's request for help in getting his money back. This will take into account the circumstances of the dispute and how the merchant has acted, but there are other considerations, such as the card scheme rules, which Halifax must follow and its own obligations.

Mr F paid using his debit card. This meant the only realistic option available to Halifax to get his money back was to engage with a process known as chargeback.

Chargeback is governed by the card schemes and is not set down in law. It is also worth noting that chargeback is not the same as Section 75 of the Consumer Credit Act 1974 (which doesn't apply here), so Halifax isn't responsible for breach of contract or misrepresentation by a supplier of goods or services more generally, including as defined in the Consumer Rights Act 2015.

The chargeback process provides a way for Halifax to ask for a payment its customer made to be refunded. Where applicable, it raises a dispute with the merchant and effectively asks for the payment to be returned to the customer. There are grounds or dispute conditions set by the relevant card scheme (Visa) and if these are not met, a chargeback is unlikely to succeed.

The process provides an opportunity for a merchant to provide a defence to the chargeback and its own evidence in support of that defence. If the merchant continues to defend the chargeback, Halifax can either accept that defence, or it can ask the card scheme to decide who gets to keep the money – usually referred to as arbitration.

In this decision, it isn't for me to decide the underlying chargeback dispute, rather my decision is limited to whether I think Halifax acted reasonably in its handling of Mr F's chargeback request.

Chargeback process

I've considered the actions of Halifax when it raised the chargeback. This was raised under the reason code *"Not as Described or Defective Merchandise/Services"*, which is reasonable considering the circumstances of Mr F's dispute. I say this as Mr F's dispute is that the wine likely hadn't been appropriately stored, meaning it didn't arrive in the condition he expected, in other words, was defective.

The merchant defended the chargeback, relying on its terms and conditions, which include:

"All lots are sold as shown with all faults, imperfections and errors of description whether expressly identified in the catalogue description or not...We can give no guarantee on authenticity, completeness or concealed restoration. We strongly recommend your personal viewing of the item. If purchase is subsequently effected – viewed or not viewed – full liability as to the price, condition, authenticity and suitability is that of the purchaser."

The merchant said it had delivered the wine Mr F bought at auction, so didn't agree a refund was due. Halifax then had a choice of accepting the merchant's defence or disputing the chargeback further, to pre-arbitration, which it did, to support Mr F.

The merchant continued to defend the chargeback on the basis Mr F had accepted its terms and conditions and that it had delivered the wine.

Halifax then gave Mr F the opportunity to provide any further evidence. He responded saying that none of the information available before purchase had suggested the bottles may be leaking or damaged.

Halifax considered everything it had been provided by Mr F and the merchant against the card scheme rules. In doing so, it wasn't confident that if it referred the dispute to arbitration, where Visa would decide the outcome, it would be settled in Mr F's favour.

I would only expect Halifax to refer a chargeback to arbitration if it was confident it would succeed. And while I acknowledge Mr F's strength of feeling, I think Halifax was reasonable in deciding not to do this.

In short, Halifax had been presented with two versions of events. Mr F had raised the dispute on the basis the wine he received wasn't what he'd expected, being that the bottles were leaking. However, the merchant was essentially saying the wine was sold as seen and its terms, which Mr F had accepted, meant it wasn't liable if there were concerns following any purchase.

As a result, while I appreciate Mr F disagrees with Halifax's decision not to refer his chargeback to arbitration, I think this was a reasonable decision. This is because Halifax had considered the evidence against the card scheme rules, which set out when a chargeback may succeed, and it didn't think it had enough to say Mr F's dispute would be successful at arbitration.

Chargeback reason code

Mr F says Halifax should have raised his chargeback under reason code "*misrepresentation*" and had it done this, his dispute is likely to have been successful.

However, as our Investigator explained, the scheme rules set out limitations within its chargeback codes. It says that a chargeback is invalid if raised under reason code misrepresentation and is: "*A Dispute related solely to the quality of merchandise or services provided.*"

I appreciate Mr F says his dispute isn't about the quality of the goods he received, rather that they were misrepresented. However, the basis of Mr F's claim that a misrepresentation occurred, is that he wasn't told the wines may be leaking, so weren't to the standard and quality he expected.

So, I don't find Halifax made an error in not raising the chargeback under the misrepresentation reason code. I say this because the exception above means it's unlikely to have been successful, as Mr F's claim of misrepresentation was that the quality of the wine wasn't disclosed. So, I don't think Mr F would have received a refund had a chargeback been raised under this code.

Conclusion

While I appreciate this answer is unlikely to be the one Mr F is hoping for, I think Halifax acted reasonably in its handling of his request for help in getting a refund. Halifax raised a chargeback on Mr F's behalf under an appropriate reason code. It escalated the chargeback and considered the information provided by all the parties against the card scheme rules, before deciding not to refer the matter to arbitration, which is a decision it was entitled to make.

My final decision

For the reasons set out above, I do not uphold this complaint.

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

Christopher Convery
Ombudsman