

The complaint

Mr A complains about how Bank of Scotland plc trading as Halifax ("Halifax") dealt with a chargeback claim.

What happened

Mr A booked a holiday using his credit card. The price was a non-refundable price. Mr A said he had booked it in error. He couldn't get hold of the supplier and called Halifax the next day. Halifax explained that they couldn't start the chargeback process until a further 14 days had gone by.

Mr A called Halifax 14 days later and was told that the chargeback process wouldn't be appropriate as Mr A had told them he had made the order in error and the supplier had identified the holiday price as non-refundable. Mr A complained that he had been led to think he would be getting his money back and, on that understanding, had booked a different holiday with the same supplier.

Halifax raised the issue as a complaint and issued its final response letter. They rejected Mr A's complaint, saying they had acted correctly in terms of not progressing the chargeback. But whilst they felt the first phone conversation with Mr A had not promised him a refund, they did think that the representative could have done better in setting Mr A's expectations. Halifax offered Mr A £40 in respect of that. Mr A declined that offer and brought his complaint to this service.

In sending its business file to us, Halifax reviewed the complaint and offered to increase the award for distress and inconvenience to £75.

One of our investigators looked at Mr A's case and considered Halifax's actions in the light of the chargeback request but also their obligations under Section 75 ('S.75') of the Consumer Credit Act 1974 ('CCA'). Our investigator felt there wasn't evidence of a breach of contract or misrepresentation on the part of the supplier. Our investigator felt that Halifax had not promised a full refund through the chargeback process and, as such, our investigator could not suggest Mr A be repaid the full cost of the non-refundable holiday.

Halifax had said that the advisor could have explained that a refund was unlikely for a non-refundable booking, while also providing him with the timescales for raising a dispute. Our investigator agreed that the adviser could have mentioned chargeback was unlikely to get the money back but stopped short of guaranteeing it would be refunded. So, she thought the slightly increased offer for distress and inconvenience was not an unfair offer.

Mr A asked for an ombudsman to review his case which has been passed to me.

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 have reached the same outcomes as our investigator and for the same reasons. I'll explain why I say that.

Chargeback

Chargeback is run by the card schemes according to rules they have set out. It isn't a general consumer protection law (like s.75 of the CCA) and is not guaranteed to succeed.

Halifax doesn't have to raise a chargeback. In this case Halifax did not raise the chargeback. It chose not to raise it because Mr A had told them he made his order in error. And Mr A said he knew the purchase was non-refundable. Because of that, Halifax thought that Mr A had little reasonable prospect of success had they raised a chargeback on this issue. So, I think that it was not unreasonable of Halifax to decline the chargeback.

Section 75

When considering what's fair and reasonable, I'm required to take into account; relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time. Having considered the chargeback, Halifax did not choose to consider the complaint under s75, but I am as it was something that Halifax should also have considered

In this case the relevant law includes s.75 of the CCA. S.75 provides protection for consumers for goods or services bought using credit. As Mr A paid for the holiday with a credit card, s.75 applies to this transaction. This means that Mr A could claim against Halifax, the creditor, for any misrepresentation or breach of contract by the supplier in the same way he could have claimed against the supplier. So, I've taken s.75 into account when deciding what is fair in the circumstances of this case.

In this case Mr A was aware that the sale was non-refundable. And that was also clear from the copy of the confirmation email Mr A received when he made the booking. This document makes it clear that a full refund wouldn't be offered if the booking was cancelled. And so, I don't think Halifax can be held liable under s.75 as there hasn't been a breach of contract or misrepresentation by the merchant.

Mr A told us that he booked a different holiday with the same merchant after speaking to Halifax. Mr A said he was led to think he would get a refund for the first purchase. So, I must consider whether Halifax misled Mr A.

Halifax has provided a copy of the two phone calls between Mr A and Halifax. I have listened to the calls. Having done so, I have noted that Mr A was not promised that the chargeback would be made or would be successful. The representative said that they couldn't look at a chargeback at the time of the first call. They said that after 15 days after the sale they would have a look and see what they could do. So, I do not think Halifax were responsible for misleading Mr A such that he made a further booking due to their misrepresentation or failure.

But I do think that Halifax could have gone further and explained that a refund was unlikely for a sale that was made on a non-refundable purchase. And I think that the offer of £75 redress for that was not unreasonable. So, Halifax should pay this to Mr A if it hasn't already done so.

Putting things right

Halifax should pay £75 redress to Mr A if it hasn't already done so.

My final decision

I uphold this complaint to the extent of the offer made by Bank of Scotland plc trading as Halifax after the complaint came to this service.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 22 October 2025.

Douglas Sayers
Ombudsman