

## **The complaint**

Miss M has complained that Bank of Scotland plc trading as Halifax failed to process chargeback requests she made in relation to a number of disputed transactions. She also believes the bank failed to offer her sufficient support as a vulnerable consumer.

## **Background**

Miss M has told us she has a compulsive spending problem which results in her gambling in a harmful and destructive way. In order to try to stop herself from gambling she placed a gambling block on her Halifax debit card. Unfortunately, despite having the block in place Miss M was able to find websites she could gamble on. Miss M believes this was only possible because the websites she used misrepresented themselves as something other than gambling sites. She has explained that she contacted Halifax after she realised she couldn't claim any winnings from the online platforms she had been using and requested chargebacks on the individual transactions, which amounted to several thousands of pounds in total.

However, when Miss M contacted the bank, it said it couldn't complete chargeback requests for gambling transactions as the rules governing the chargeback scheme state there is no chargeback available for any form of gambling. Miss M pointed out that there is a specific rule, 12.7, under the scheme that allows for a claim when a business has misrepresented itself by using incorrect Merchant Category Codes ("MCCs"), which she said was what had happened in her case. Therefore, she didn't think the fact that the transactions were linked to gambling ought to matter as she felt the scheme allowed for a chargeback claim for a different reason. So she complained to the bank and asked that it reconsider her chargeback request.

Halifax considered Miss M's complaint but ultimately found there was no grounds on which it could request a chargeback for Miss M under the rules. However, it did accept that when she contacted it initially one of its representatives gave her incorrect information and so it offered her £60 in relation to that error.

Miss M didn't accept Halifax's response and repeated that the fact the transactions were linked to gambling weren't relevant to her complaint and that it should only be viewed in relation to the rule about misrepresentation. So, she brought her complaint to our service and asked us to look into it for her.

I issued a provisional decision on 22 May 2025. In it I explained I didn't intend on upholding Miss M's complaint as I had spoken to representatives from Visa directly who had clarified that there is no entitlement to chargebacks on gambling transactions and that the rule relating to 12.7 wasn't intended to be used in circumstances like those experienced by Miss M. Visa further clarified what the evidential requirement for chargebacks under 12.7 is and having sight of those, I concluded that it was unlikely Miss M would have been able to meet them. Therefore, I didn't think Halifax had made an error when it refused to process a chargeback request on the transactions and I said I wasn't intending on upholding Miss M's complaint.

I asked both parties to provide any new information or evidence they wanted me to consider by 5 June 2025, after which time I would reconsider my findings.

Halifax didn't respond to the provisional decision.

Miss M did reply in length and submitted several screenshots of information she'd gathered from the Visa website, the UK Gambling Commission, previous gambling account information and evidence there is an active gambling block on her account. She asked that I reconsider the information she provided and repeated that the bank had completely failed to treat her fairly as a vulnerable consumer and had failed in its duty of care.

## **My findings**

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 start by thanking Miss M for her submissions, which were detailed and transparent. I appreciate that this has been an enormously difficult time for her, and my decision, which changed the outcome of her complaint from an uphold to a non-uphold, must have been incredibly distressing to receive. I would also like to assure her I have read all of her submissions in full and don't dispute that the transactions she made were successful because the MCC wasn't the one assigned to gambling transactions. However, having spoken to representatives from Visa, and seeking clarification on how and when the 12.7 rule should be applied, I am still of the opinion that Halifax was entitled to reject her chargeback request based on the evidence available to it at the time and therefore can't uphold her complaint on that basis.

I say this because following my conversations with Visa, its representatives clarified there are a number of different MCCs that may apply to a website depending on the variety of services that it provides. So, for example, some of the websites Miss M used were using codes for 'entertainment and gaming' which, although broader than just using the gambling code, doesn't immediately imply the codes used were entirely incorrect or invalid.

That being said, even for those websites that appear to have used codes with no link to gambling or other forms of online gaming, I can't see that Miss M provided the necessary information to Halifax at the time she requested the chargebacks to meet the evidential requirements set out by Visa. So, I can't say the bank was wrong to refuse to submit the chargeback request based on what was provided at the time.

Miss M has explained that she received some refunds from some of the gambling websites she used directly, without having to request a formal chargeback, when she mentioned the 12.7 rule. While I don't dispute what Miss M has said, it doesn't automatically follow that because she received those refunds she ought to have been able to make successful chargebacks on the remaining transactions. Businesses provide refunds for a variety of reasons, and I've not seen anything that clarifies why those requests were successful, but others weren't. All I can consider is whether Halifax's response was reasonable in the circumstances, and as I've explained in the provisional decision, I think it was.

Miss M has also referred to another complaint that was upheld by this service which she believes mirrors the circumstances of her complaint and has queried why that was upheld but hers has not been. I'm unable to comment on the circumstances of the other complaint and can only base my findings on the individual facts of Miss M's complaint. And as I mentioned previously in order to ensure that Halifax had followed the correct process and applied the 12.7 rule fairly, I did meet with representatives from Visa. So, I am satisfied that

the bank was entitled to decline her request for a chargeback in the circumstances.

I appreciate that Miss M had taken a number of steps to try to protect herself in this space and agree that it is extremely difficult for compulsive gamblers in recovery to avoid gambling opportunities completely. Despite proactively placing a number of safeguarding measures to block her card and account from being used for gambling activities, she was able to find websites that allowed her to gamble. Those sites were unregulated and based outside of the UK which means there was little to no genuine protection in place for the consumers, like Miss M, who used them. And while I have enormous sympathy for Miss M and the situation she now finds herself in, I can't reasonably conclude Halifax ought to have done more in relation to the refunding the transactions she made, because I'm satisfied it applied the chargeback process correctly.

As my findings haven't changed following Miss M's response to the provisional decision, I will repeat them here for the sake of transparency.

*The rule Miss M believes Halifax should have requested the chargebacks under is 12.7 which relates to invalid data and Visa states that it can be applied in situations where "...An authorization request contained an incorrect transaction date, MCC, merchant or transaction type indicator, Country or State Code, Special Condition Indicator, or other required field.."*

*This is the crux of Miss M's argument, because she had placed the gambling block on her debit card before she gambled on the linked websites. And gambling blocks work by identifying the gambling MCC and blocking transactions to any merchant with that specific code listed. However, if a merchant is using a different MCC the block will not work. So Miss M has argued that the transactions would have failed if the websites had identified themselves as gambling websites and so Halifax ought to have requested a chargeback under the 12.7 rule.*

*In order to understand the intention behind rule 12.7 and when Visa would accept chargeback requests under it, I contacted Visa directly to discuss it as I wanted to clarify whether or not it could be applied to situations such as Miss M's. And in particular to understand whether or not the 12.7 rule could be applied to situations where a gambling block didn't stop a transaction because a different MCC was used by the merchant.*

*Having had that conversation, I'm satisfied that in order for a transaction to be eligible for chargeback under 12.7 a number of different criteria must be met. I'll address each one in turn.*

*Firstly, it must be shown that the merchant was using an incorrect code. This may not be as simple as it first appears, because merchants can offer a wide range of services and so there may be a number of different codes that they can be identified with. And it's not actually the merchant who decides what code will be used, it's the acquirer who sets the MCC for the merchant. In the examples provided by Miss M, while I don't doubt the websites she used allowed her to gamble, I've not seen any evidence to demonstrate that these were the only services they provided or that the codes used were fundamentally incorrect. So I can't say for sure that the first test was met.*

*The next consideration that would need to be met for a successful chargeback under 12.7 is evidence that shows had the merchant used the code that Miss M thinks it ought to have, it would have prevented the transaction from being completed. In other words, Miss M would have had to provide evidence that shows other transactions being refused on her account because they were linked to the gambling MCC and the gambling block has successfully identified them and prevented them from being paid. Again, I can't see that this evidence was provided or available to Halifax.*

*Finally Miss M would have had to provide evidence that proved the transactions were exactly what she claimed they were and weren't what the MCC indicated they were. So she would have had to be able to demonstrate that the transactions being considered had all been misrepresented. This is an extremely difficult thing to prove, and from what I can see Halifax did ask Miss M if she could provide this evidence but she was unable to. I have a lot of sympathy for Miss M in this situation as often times these sorts of gambling accounts can be closed by the websites directly when disputes occur, or if the account user wants to protect themselves from further harm, they may close the account themselves. But without this evidence the chargeback request wouldn't have been successful.*

*All of which means I don't think Halifax were wrong to refuse the chargeback request made by Miss M in relation to the gambling transactions on her account because I don't think she would have been able to meet the evidential requirements for the chargebacks to be successful. So I don't think Halifax needs to do any more in relation to those requests and I'm not intending on upholding that part of her complaint.*

*Miss M has also said that Halifax failed to provide her with additional support when she contacted it in July last year. Halifax confirms that she was given incorrect information and told a new card she was given would be blocked from online purchases. However, that wasn't the case and Miss M realised that when she successfully used the card to make a, non-gambling related, online purchase. For this error Halifax offered Miss M £60. I think this is reasonable in the circumstances because Halifax had told Miss M what help it could provide her, which is limited, but it didn't fail to offer support when support was available. So Miss M didn't lose out on something that could have helped her further. Therefore, the impact of the error made by the person she spoke to was lower than it might have been.*

*I know Miss M has suffered enormous harm financially and mentally as a result of her gambling addiction. And I know she feels that the bank ought to have done more to support her. However, I agree with Halifax's interpretation of the chargeback scheme rules, and having spoken to representatives from Visa, am satisfied that there was no chargeback facility available to her with the information she provided at the time. So, I don't think the bank made an error in relation to her claim. And while I know she was given some incorrect information when she rang the bank, it has apologised and offered her some compensation in relation to that error, so I think it's done enough.*

Therefore, having considered everything in Miss M's submissions to this service, as well as all of the evidence provided to Halifax at the time she requested the chargebacks, I think the bank was entitled to reject her request and don't think it made any error. And, for those reasons, I am unable to uphold her complaint.

### **My final decision**

For the reasons set out above, and in my provisional decision of 22 May 2025, I don't uphold Miss M's complaint against Bank of Scotland plc trading as Halifax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 18 July 2025.

Karen Hanlon  
**Ombudsman**