

## **The complaint**

Mr U is unhappy with how Bank of Scotland plc, trading as Halifax (Halifax) handled a chargeback raised to recover the cost of goods he purchased using his debit card.

## **What happened**

In mid-June 2024 Mr U purchased a car diagnostic tool costing £2,700 through an online auction marketplace ('the marketplace'), but on receipt of the item he found it was faulty and used the marketplace's returns process to send it back to the merchant. However, on receipt of the package, the merchant declined refunding Mr U as they said the package had been filled with rocks, rather than the item they were expecting to be returned.

In mid-July 2024 Mr U approached Halifax to recover what he had paid for the item and Halifax raised a chargeback. However, on receipt of the rebuttal from the merchant Halifax decided not to take the chargeback any further and they let Mr U know.

Exchanges followed between Halifax and Mr U as he looked to dispute Halifax's reason for not taking the chargeback further. During this time Mr U said Halifax's level of service was not good enough and their unhelpfulness was causing him much distress and inconvenience.

Halifax reviewed the matter, but remained of the view not to pursue Mr U's chargeback in light of the evidence received from the merchant. However, they paid Mr U £60 to reflect some shortcomings in their level of service to him.

Our Investigator did not uphold Mr U's complaint as they concluded Halifax had handled the chargeback fairly, and they said Halifax's offer of £60 (to reflect that their engagement with Mr U had not been good enough) was fair in the circumstances.

Mr U disagreed with the Investigator's findings. In summary, he did not think Halifax had fairly handled the chargeback as they should have taken it further in the chargeback process. Mr U felt that had the card scheme provider considered the matter, they would have found in his favour given the evidence he had supplied. Mr U expressed his concerns that he had been a victim of a scam.

As our Investigator was unable to reach a resolution, the matter has been passed to me to decide.

Mr U confirmed some details in relation to his work and the purchase he made, and I am satisfied I can consider Mr U's complaint, in accordance with the rules this service follows. I have therefore considered the merits of the matter below.

## **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 only included a summary of what's happened above, and while I may not respond to every point each party has raised, I have reviewed all the submissions available and focused on what I consider relevant to reaching a fair and reasonable resolution in this matter.

It is apparent this matter involves different parties, so for the avoidance of doubt I make clear my considerations are limited to Halifax's actions only as the provider of financial services.

As Mr U bought the item in question using his debit card, the mechanism available to Halifax to attempt recovery of Mr U's funds was chargeback. Chargeback follows the strict rules of the card scheme provider (in this case VISA). There is no obligation on the card issuer (in this case Halifax) to refund or assist the cardholder (in this case Mr U), in any way – although it would be considered good practice for them to do so if there is a reasonable prospect of success.

It should also be noted the card schemes are not within the jurisdiction of the Financial Ombudsman Service, so we are unable to require them to run their chargeback in a particular way; although we can consider whether the card issuer has fairly applied the rules of the chargeback scheme.

Given what Mr U initially shared with Halifax about what happened, I think Halifax fairly raised the chargeback under the reason code, *Not as Described or Defective Merchandise / Services*.

The chargeback rules, specific to the reason code in question, set out that a merchant can defend a chargeback by showing the cardholder had not returned the merchandise, and so it had not been received by the merchant.

In this case, the merchant's rebuttal included the submission of photographic evidence to show a box filled with stones had been returned, rather than the item in question.

On the basis of the merchant's submissions, Halifax decided not to take the chargeback any further.

Mr U countered this with his evidence that he had sent and tracked a parcel back to where the merchant (based abroad) had required the item be returned (a third-party based in the UK).

As Mr U has noted, the chargeback process does include further steps that would have been open for Halifax to follow. However, in the circumstances, I think it's fair to say if Halifax had responded to the merchant's rebuttal, it is more likely than not the merchant would have continued to defend the dispute given their strongly held position that the package had been returned with stones. This would mean the matter would likely have been put before the card scheme provider to arbitrate – arbitration being the last stage of the chargeback process. The card scheme provider's decision would be final, and reached by applying and working within their framework of rules.

I recognise Mr U's frustrations given the submissions and evidence he has provided, but it is not possible to know what conclusion the card scheme provider would have reached.

The resolution of this matter rests on two entrenched versions of events – Mr U's version that he sent and returned the item to the merchant (including his evidence that a package was tracked and delivered), and the merchant's version that they received a box of stones (including their evidence of a photograph showing a box of stones).

In the circumstances Halifax chose not to pursue the chargeback further given they

concluded the merchant's evidence to defend the chargeback was likely enough to meet the standard of the card scheme provider's rules, so it was unlikely the card scheme provider would have found in Mr U's favour.

Given the complexity of the matter, as it is not possible to know what was in the package Mr U sent, and the serious allegations each party have laid against the other - that each has set out to defraud the other - it is very difficult to know what exactly happened here.

I am only required to consider Halifax's role in these events and there is no requirement I am aware of for Halifax to have investigated this matter to get to the bottom of exactly what happened, as Mr U might believe they should do. For example I am not aware that Halifax, nor the card scheme provider have the authority to call and cross-examine witnesses such as staff from the third-party warehouse where Mr U posted the package to. So I think it reasonable to say chargeback may not be the most suited arena for this type of dispute.

In the circumstances, I therefore think Halifax's handling of the chargeback and their decision to not pursue it any further was reasonable. And I think, while there were shortcomings in how Halifax engaged with Mr U about obtaining further evidence for the chargeback, given Mr U was put to some inconvenience in having to visit the branch and was likely told different things by different Halifax staff, Halifax's offer of £60 is fair in the circumstances to recognise what happened here.

I've also considered the additional evidence and submissions Mr U says would have supported his claim, but I have not seen enough to persuade me this would likely have changed Halifax's decision to not take the chargeback further.

I realise my findings will disappoint Mr U, but in the circumstances I have not found enough here to say Halifax have acted unfairly on this occasion. Given the seriousness of some of the allegations in this matter, Mr U may wish to seek independent legal advice to determine what other recourses there may be available to him.

For completeness, as Mr U's transaction was made using his debit card rather than a credit card, the protections under Section 75 of the Consumer Credit Act 1974 do not apply here, so I have not considered these.

### **My final decision**

For the reasons above, my final decision is that I do not uphold Mr U's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 5 November 2025.

Kristina Mathews  
**Ombudsman**