

The complaint

Mr B has complained Bank of Scotland plc, trading as Halifax, incorrectly treated his fraud claim as a merchant dispute. He's also concerned about the service he received.

What happened

In July 2024 Mr B went overseas and hired a car for four days. He also paid an extra fee for an additional driver. He came back home and thought nothing more of it. In November his credit card was charged £92.55 as the equivalent of a fine for non-payment of parking whilst he'd been overseas in July.

Mr B had two immediate concerns: the car hire firm had retained his credit card details and then had used those to debit his account without his authorisation. He complained to Halifax.

Halifax managed this as a merchant dispute and completed a claim under the international card schemes chargeback rules. The merchant showed that Mr B agreed to allow charges for subsequent motoring fines when taking out the car hire agreement. Halifax confirmed to Mr B that they were re-debiting £92.55 from his credit card.

Mr B brought a complaint to our service.

Our investigator believed that Mr B's signature on his car rental agreement was sufficient to indicate that he'd authorised the initial transaction, despite his strong view otherwise. She also considered the service aspects of the complaint. She felt that it was for Halifax to decide how they wished to manage Mr B's claim, and they were able to process this as a chargeback dispute rather than a fraud claim. She wasn't going to ask Halifax to do anything further.

Still unhappy, Mr B has asked an ombudsman to consider his complaint.

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've reached the same outcome as our investigator. I'll explain why.

Before going into the issues around authorisation and service, I first want to state that I'm unable to consider whether Mr B's parking fine – which is the cause of his dispute – is valid or not. I appreciate he believes he paid a fee to park and disputes the amount subsequently charged. The charge would have been levied on the car rental firm – who in accordance with their terms and conditions will have added an administration charge before charging Mr B's credit card details which they will have retained. This is outside or remit which I don't believe Mr B disputes.

What I'm considering is whether Halifax did what it ought.

Overall, I think it did. Payment service providers can, and do decide, how to manage the

fraud claims they receive. They can decide what evidence they require and what kind of forms they expect their customers to complete before considering any claim. They can also choose to manage claims – where card details have been used without authorisation – under the chargeback rules. It is not our service's role to dictate how banks and financial institutions manage fraud and their customers' concerns around this. Although I can look at how that impacts on a customer.

I don't agree with Mr B that Halifax should have treated this as a fraud claim under the Payment Services Regulations 2017 rather than a merchant dispute. I can see they told Mr B this was what they were doing and followed the timelines and procedures I'd have expected. This resulted in them confirming to Mr B that the merchant had presented a robust defence of the claim. They were satisfied by the evidence provided that this transaction had been authorised by Mr B. They also confirmed they'd be re-debiting Mr B before they did so.

Mr B is, of course, right that just because he used his credit card to buy car rental services once doesn't mean that any subsequent transactions couldn't be seen as fraud. I agree. My example would be using my credit card regularly with one retailer – both in person and online – doesn't mean that my card details, or even the physical card, couldn't be used fraudulently at the same retailer.

However, in his case, I can see that Mr B signed the car rental agreement presented to him. I can also see from the copy he provided to our service that there is a section headed *Motoring fines, parking fines, other traffic penalties*. This makes it clear, I believe, that a customer is agreeing to subsequent charges for those issues. It is standard practice for car rental firms to retain card details – and I'm sure this will be in accordance with international standards like Plastic Card Industry Data Security Standards (PCIDSS) which enable merchants to do this if they comply with those standards. I don't doubt Mr B may have concerns about this practice, but this doesn't mean the transaction was made fraudulently.

I won't be asking Halifax to do anything further. I'm sure Mr B will disagree with this outcome, but this marks the end of our service's involvement.

My final decision

For the reasons given, my final decision is not to uphold Mr B's complaint against Bank of Scotland plc, trading as Halifax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 19 September 2025.

Sandra Quinn
Ombudsman