

## **The complaint**

Mr S and Mrs S are unhappy with Bank of Scotland plc, trading as Halifax's ('Halifax') handling of two chargebacks which were raised through their respective debit cards from their joint bank account.

Mr S has handled this matter on behalf of himself and Mrs S, so for ease I will refer mainly to Mr S throughout this decision.

## **What happened**

I issued my provisional decision to both parties explaining why I thought Mr S and Mrs S's complaint should be upheld, and invited both parties to provide any further evidence and / or submissions in reply.

The background to this complaint was set out in my provisional decision together with my provisional findings, which are included below and now form part of this final decision.

### Background

In mid-December 2023 a purchase of some toys costing £40.97 was made using Mrs S's debit card but when the toys turned out to be faulty and Mr S was unable to resolve things with the merchant, he contacted Halifax to seek recovery of the funds. I will refer to this as 'Chargeback 1' throughout this decision.

In mid-January 2024 Mr S purchased a train ticket using his debit card, but due to problems being able to transfer the ticket to the appropriate smart card Mr S was unable to travel, and after being unable to recover the funds from the train provider he contacted Halifax to recover the cost of £22.60. For the purposes of this decision I will refer to this as 'Chargeback 2'.

Mr S contacted Halifax about Chargeback 1 on 22 January 2024 using the online chat, and during the course of his exchanges with Halifax about Chargeback 1 he raised concerns about Halifax's poor service in helping him to recover the funds. A complaint was raised on 25 January 2024.

On 9 February 2024 Mr S contacted Halifax separately via the app to recover the funds for Chargeback 2.

Halifax raised the claim for Chargeback 1 on 27 February 2024 and refunded the account with £40.97 on the same day. Halifax raised the claim for Chargeback 2 on 5 March 2024, refunding £22.60 on the same day.

Halifax issued Mr S with a response to his concerns on 5 March 2024 and paid £40 to Mr S and Mrs S's account to recognise issues arising from emails they had sent.

Mr S contacted Halifax towards the end of April 2024 and Halifax confirmed both Chargeback 1 and Chargeback 2 had been successful. Following this Mr S raised a further

complaint about Halifax's customer service.

Our Investigator reviewed the matter and initially concluded Halifax's offer of £40 was, in the circumstances, fair to recognise the shortcomings in Halifax's customer service. However, following a further review they amended their opinion and concluded a fairer level of compensation would be a total of £120 – so the Investigator said Halifax should pay a further £80.

Halifax accepted the Investigator's proposed resolution, but Mr S did not. Mr S said the award put forward by the Investigator was not in keeping with his understanding of how this service makes awards for distress and inconvenience. Mr S said these events had severely impacted his well-being and the sum proposed did not properly reflect that.

### Provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

While I may not respond to each individual point raised and I've only included a summary of what's happened above, I assure both parties I've reviewed all their submissions and I have focused on what I consider to be relevant to reaching a fair and reasonable resolution in the circumstances of this matter.

To reach a fair and reasonable resolution I have taken into account any relevant law and regulations, regulators' rules, guidance and standards (including Consumer Duty); codes of practice, and (where appropriate) what is considered to have been good industry practice at the relevant time.

As the purchases were made using debit cards Halifax used the mechanism available to them known as chargeback to attempt recovery of the funds on Mr S and Mrs S's behalf. Chargeback follows the strict rules of the card scheme provider (in this case Visa), and there's no obligation on the card issuer (in this case Halifax) to refund or assist in any way, although we would consider it good practice for them to do so where there is a reasonable prospect of success.

Card scheme rules do not fall within the jurisdiction of this service, so we are unable to require the card schemes to run a chargeback in a particular way; however, we are able to consider whether the card issuer applied the rules correctly and fairly followed the chargeback process.

Both Chargeback 1 and Chargeback 2 were successful, so Mr S and Mrs S recovered their funds. What is left for me to consider is how Halifax handled the two chargebacks taking into account Halifax's responsibilities to treat their customers fairly and support their customers in using their services, in order to decide whether £120 is fair to reflect the impact of these events on Mr S (and Mrs S).

When determining an award of this nature our service considers such things as the time taken to sort out a mistake, the impact to someone's health and whether there was anything an individual may have been able to do in order to reduce the impact of the firm's mistake. Our website sets out that awards up to £300 may be fair to reflect repeated small errors or a larger single mistake requiring a reasonable effort to sort out, that could impact a few days or weeks, causing either some distress, inconvenience, disappointment or loss of expectation.

Having considered everything, I am minded to say a fairer level of compensation would be a total of £180 for the reasons below.

- Raising Chargeback 1 proved problematic for Mr S through Halifax's usual channels which included the app, the online chat, and the telephone. Mr S has said he was unable to get through to the dispute team on the phone, he was struggling to raise the issue through the app which kept sending him to the online chat, and in turn the online chat ended conversations with him, so he had to start again.

It seems likely there was some sort of fault with the app at the time given Mr S was able to raise Chargeback 2 successfully through the app the following month. And although I haven't seen any evidence of attempted phone calls to the dispute team, I have no reason to believe at this time that Mr S did not try to use the different communication channels available to him. I note the complaint handler did acknowledge to Mr S their phone lines are busier at certain times.

I'm unable to interfere with Halifax's processes and how long they allow before closing an online chat, but I have no doubt it would have been frustrating for Mr S to go back round the loop again via the online chat when he had already gone part of the way through explaining the reason for the claim. That said, I also note Mr S did not think the further information Halifax was asking for Chargeback 1 was reasonable, so it is difficult for me to say Mr S was prepared to engage with the further information request at that time.

- The need for additional information for both chargebacks no doubt contributed to the delay in progressing them, but I think for each chargeback the additional information requested was, in the circumstances, fair.

I think Halifax acted fairly when they raised both chargebacks using the reason code 'not as described or defective merchandise / services'. For Chargeback 1 Mr S had described the goods as faulty. And for Chargeback 2 Mr S had successfully purchased the ticket, but the problem was uploading it to the appropriate smart card; therefore I think Halifax reasonably determined that the reason code 'merchandise/ services not received' was less likely to have had a reasonable prospect of success for Chargeback 2.

Mr S did provide information for Chargeback 1 as he has said, but the chargeback reason code also required information including things such as the date the goods were received; certification that the cardholder had attempted to resolve the dispute with the merchant and the date the cardholder had returned or attempted to return the goods. It's not clear to me exactly what details were initially submitted for Chargeback 2 via the app, but it is apparent Chargeback 2 also required similar information to Chargeback 1 to submit the claim.

- Halifax's communications with Mr S to obtain the required information could have at times been clearer.

In the first online chat Mr S was asked to provide more details about how the goods weren't as described, but as already noted above, the issue with the goods was that they were faulty. I therefore don't think these particular questions had considered what Mr S had already shared at that time and so they could have been better phrased to help Mr S understand what information he needed to provide and assure him of the reason for asking – I note the complaint handler later explained to Mr S Halifax needed to gather information the card scheme provider would require for the claim.

- It took around a month to raise each respective chargeback. And it appears the delays in progressing the claims initially were in large part due to Mr S not having confidence that the communications he was receiving requesting information were in fact from Halifax.

Mr S was not confident with the emails he was receiving due to the email addresses Halifax were using, and it followed that he was wary of clicking links from these communications – something he said Halifax warn their customers not to do. Mr S felt similarly about the text message he received acknowledging Chargeback 2, and he also said he did not understand what it was asking of him.

I note Mr S did contact Halifax to check the veracity of some of the communications, although there followed some confusion over the email Mr S was using to contact Halifax with, as they did not have it on their records to identify him - I think this added to some of the delay.

Halifax have already recognised Mr S's concerns that the emails he received from them were valid and they have taken this away to consider their communications to customers, which in the circumstances I think is reasonable for them to do.

- Mr S says the complaint handler was unhelpful during a call which they threatened to end. I've listened to the calls with the complaint handler and for the most part I think the complaint handler was reasonably trying to help resolve Mr S's concerns. I'm also mindful that the complaint handler stepped outside of Halifax's processes to help Mr S with Chargeback 2 which had not formed part of the complaint Halifax were reviewing at the time.

However, the last call available to me from March 2024 did deteriorate during discussions about the Payment Services Regulations (PSRs) and Mr S wanting to know exactly what information he had not previously provided in order to progress his claims. I think it is fair to say the complaint handler became a little frustrated with the call and recognised it may be appropriate to draw the call to a close and they put this to Mr S, but they did not drop the call and this all came after the complaint handler had already confirmed both chargebacks had been raised and offered Mr S compensation. I think they did also try to respond to Mr S's queries. I am therefore not persuaded the complaint handler had not wanted to help Mr S as he has suggested.

- I'm not aware that Mr S shared specific details of his health problems with Halifax, but he did let Halifax know during the online chat on 22 January 2024 how he was being affected by what had happened with the merchant and that he had been looking for Halifax's support in the matter. I think it reasonable to say this was an opportunity for Halifax to see if Mr S required any additional support to help navigate the claims process.
- Mr S said Halifax didn't keep him updated about the chargebacks after they were raised.

Mr S received a text message from Halifax on 5 March 2024 about Chargeback 2 that Halifax would get back in touch if the retailer disagreed with the claim. No timeframe was given here, but I do note that Mr S was told by the complaint handler during their call in March 2024 that the retailers (in both cases) had 32 days to respond and disagree with a claim, and if they did then Halifax would let Mr S know.

A text message for Chargeback 1 was sent to Mrs S on 29 March 2024. It explained the merchant had defended the claim, but as Halifax didn't accept the rebuttal they had taken the claim to the next stage of the chargeback process. The text message also said that if she did not hear from Halifax within the next 40 days it would mean the merchant had agreed with her concerns.

Using the online chat, Mr S chased Halifax about both claims on 28 April 2024 (so before the 40 days had expired for Chargeback 1). He was told both were successful, but not after there had been some confusion about locating Chargeback 1 making Mr S believe that it had not in fact been raised. The confusion was soon resolved after Halifax found Chargeback 1 had been raised under Mrs S's debit card, not Mr S's debit card.

I think it fair to say Halifax reasonably followed the chargeback process for both claims. However, I think Mr S's expectations could have been better managed by letting him know that a claim needs to be raised by the appropriate cardholder and that in this matter, Chargeback 1 was a claim under Mrs S's card.

It is not clear to me how Halifax were able to raise Chargeback 1 for Mrs S without her apparent involvement, or why Mrs S did not let Mr S know about the text message she had received. That said, Halifax did send the text message update to Mrs S directly and I think it fair to say if she had any problems with the claim she could have contacted Halifax. And as already noted above the funds were returned to Mr S and Mrs S's joint account, so I don't think Mrs S is worse off here in any event.

- Mr S says Halifax did not follow the PSRs because they did not provide immediate refunds when he raised each claim. However, I don't agree Halifax needed to do this.

While the PSRs form an important part of the framework to regulate payment service providers, I don't think they apply here.

A primary focus of the PSRs is fraud prevention, most notably in relation to unauthorised transactions. However, in this matter Mr S and Mrs S are not disputing that they authorised the transactions or that the transactions themselves were fraudulent – they are seeking the recovery of funds for faulty goods and services which they accept paying for. It is also worth noting that the chargeback process is recognised as a separate framework underpinned by the card scheme rules. And as Halifax provided temporary refunds when each of the claims were raised, I think this was in keeping with the card scheme provider's rules.

I realise Mr S may be seeking more compensation than I have proposed, but I think this is fair in the circumstances given both chargebacks were refunded to him as soon as the respective chargebacks were raised so he and Mrs S were not 'out of pocket'. There was also a period of time where Mr S would not have been able to do anything with regards to the claims given the respective merchants were entitled to time to consider the claims.

But I do think Halifax could have done better earlier on most notably in their communications to Mr S by setting out more clearly what information was required for each chargeback and assuring Mr S of their communications. I think it would also have helped to have made clearer earlier on that each cardholder should be raising their own chargeback. And I think there was the opportunity to check and see if Mr S required any particular additional support. I think it fair to say the collective experience caused Mr S more inconvenience and distress than would be reasonable to expect in the circumstances, given the overall impact on his well-being.

For the reasons above, my provisional decision is that Mr S's complaint is upheld and Bank of Scotland plc, trading as Halifax should pay a total of £180 to Mr S and Mrs S.

Bank of Scotland plc, trading as Halifax have already paid £40 to Mr S and Mrs S's account, so they should put things right by paying Mr S and Mrs S a further £140.

#### Reponses to my provisional decision

Mr S replied to my provisional decision expressing his disappointment that the award proposed did not reflect the frustration, aggravation, pain and suffering he experienced.

Mr S also said he had no reason to have asked his wife, who has challenges with her health, to monitor / expect contact from Halifax. And so it was likely she would have deleted any message from Halifax.

And Mr S did not think his concerns about the authenticity of the emails and texts received from Halifax had been properly considered.

Halifax replied to my provisional decision to say they had no further points or information to be considered.

#### **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 have carefully considered the additional submissions from Mr S, and I realise Mr S will be disappointed here, but I've not seen enough to persuade me to depart from the provisional findings I reached as set out above. This is not to be dismissive of what Mr S has shared about himself and Mrs S, but overall given the evidence and submissions that have been made available to me, I think the award set out in my provisional decision is fair in the circumstances.

And it may help Mr S to know that it is not for me to fine or punish a firm, and I have no power to interfere with a firm's processes, systems or controls – these would all be matters for the appropriate regulator to consider. As I set out in my provisional decision, it appears Halifax have already taken away Mr S's concerns about their communications to consider.

Going forward if Mr S or Mrs S require particular support in using Halifax's products or services, then they should let Halifax know to see what support may be possible for their circumstances.

#### **Putting things right**

Bank of Scotland plc, trading as Halifax should pay Mr S and Mrs S £140.

#### **My final decision**

For the reasons above, my final decision is that Mr S and Mrs S's complaint is upheld. Bank of Scotland plc, trading as Halifax should put things right as I've described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 13 October 2025.

Kristina Mathews  
**Ombudsman**