

The complaint

Ms N has complained about the way Bank of Scotland plc trading as Halifax (Halifax) handled a refund claim she made.

What happened

As all parties are familiar with this complaint, I'll only summarise the key background where necessary within my findings 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 read and considered the evidence submitted by the parties but won't comment on it all – only the matters I consider to be central to this complaint. This isn't intended as a discourtesy but reflects my role in resolving disputes informally.

It's important to note that Halifax aren't the provider of the services here – so in deciding what is fair and reasonable, I'm looking at their particular role as a provider of financial services. In doing so I note that because Ms N paid for this transaction using a Halifax credit card, both chargeback and a S75 claim could possibly help her. So in deciding what is fair and reasonable I've focussed on this

Chargeback

Chargeback is the process by which settlement disputes are resolved between card issuers and merchants. A consumer isn't entitled to chargeback by right. But where there are grounds to raise one and it has reasonable grounds for success, it is good practice for one to be raised by the card issuer.

However, a chargeback isn't guaranteed to succeed and is governed by the limitations of the particular card scheme rules (in this case Mastercard). I've considered the relevant chargeback rules in deciding whether Halifax acted fairly.

Ms N's complaint is about the quality of a loft conversion made to her home. However, the payment in question here is for £12,156.06 made on 9 September 2024 to a materials supplier I shall call 'D'.

The relevant chargeback code here would be 'Goods or Services Were Either Not as Described or Defective'. I've therefore considered the evidence available regarding this chargeback rule and whether Halifax acted fairly when they declined Miss N's claim following the merchant's objection.

Did Halifax act reasonably in declining the chargeback claim?

The crux of this complaint has to do with the fact that the payment made with the Halifax credit card was to the materials supplier rather than the contractor themselves. While Halifax raised the chargeback, D provided a robust defence confirming that they had delivered the materials purchased and were not associated with the contractor in anyway. They said that the dispute was likely against the contractor rather than themselves.

I agree that this dispute ultimately relates to the contractor rather than D. As the materials were supplied as agreed, there's insufficient evidence that the goods themselves were not as described or defective. So the chargeback didn't have reasonable prospects of success against D.

As a result, I don't think Halifax did anything wrong in then declining to progress the claim further. While I understand Ms N's point that the goods related to the contractor's work, the chargeback rules only allow consideration of the business to which the card payment was made.

In this case, the payment made on the Halifax credit card was to the materials supplier. And as I can't say there is sufficient evidence here that their materials supplied weren't as described or defective, I don't think Halifax did anything wrong in declining the claim.

S75

S75 provides that in certain circumstances the borrower under a credit agreement has an equal right to claim against the credit provider if there is either a breach of contract or misrepresentation by the supplier of goods and services.

To assess a valid claim, Halifax would've needed to consider all relevant evidence for the alleged breach of contract or misrepresentation. But for there to be a valid claim under S75 there are certain technical requirements and I'm satisfied they've been met here.

The crux of Ms N's complaint is the issues that have arisen with the building contractor. Ms N has said that the work was not progressed or meaningfully fulfilled. While I empathise with Ms N, as the credit card was used to purchase the building materials from D, it's only possible to consider whether D themselves breached their contract with Ms N or misrepresented the goods supplied.

It's clear that there isn't a complaint against D here, and again for the same reasons stated under my considerations of the chargeback claim, the S75 claim can't be extended to the provider of the building materials as they have no relationship with the contractors who are tied to this complaint. Therefore I can't say Halifax did anything wrong in declining the S75 claim for the same reasons.

Halifax's handling of the claims

I think this is the main issue here as it doesn't appear Halifax were aware from the outset that Ms N's claims were unlikely to succeed. Halifax has accepted they should've identified earlier that the card payments were to the materials supplier rather than the contractor, and so D wouldn't have been liable for the issues with the works.

However, it took seven weeks from 3 March 2025 when the claim was initially raised by Ms N, to 23 April 2025 when she was told by Halifax that they couldn't help further. To address this they offered £742.43 compensation in total, which included a payment of £320.00 and then a further refund of £422.43 for credit card interest charges for March and April 2025 and an additional interest freeze on charges for the following three months.

I do think this is appropriate for the fact the issue wasn't picked up sooner. Ms N has said that the delay impacted her taking the matter further via other channels. While I do appreciate this, I think the compensation is fair for the delay in reaching the correct outcome and I can't agree more would be due here.

I see Halifax has said Ms N has the right to pursue a claim through the card provider used for transactions with the contractor. I agree and while I empathise with Ms N, I won't be asking Halifax to do anything more.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms N to accept or reject my decision before 14 January 2026.

Viral Patel
Ombudsman