

The complaint

Mrs B complains that Bank of Scotland plc, trading as Halifax, hasn't refunded her for a purchase she made using her credit card account.

What happened

Mrs B purchased some carpets in May 2023 using her Halifax credit card. The carpets were intended as a gift for her daughter, Ms P.

It appears that the carpets were due to be fitted by a self-employed carpet fitter, who Mrs B paid separately. Ms P said that she was in hospital at the time the carpets were due to be fitted, and as a result, the fitter came round but didn't fit the new carpets. The carpet supplier then arranged for another fitter to come and fit the carpet, at an extra expense to Mrs B which she paid separately. She said in her complaint to the carpet supplier that "the quality of them was absolutely awful the tracks to each doorway all lifting within a few days, corners not fit in properly over all just a real botch job..."

Mrs B says after she complained, the carpets were replaced as the manufacturer had confirmed they were faulty, but the new carpets were completely different to the ones she ordered, and worse quality. The carpet supplier offered to replace the carpet or provide her with a £300 reduction, and she could keep the carpets she already had. Ms P told the carpet company that she wanted a full refund of the cost of the carpet as they weren't of satisfactory quality. Because neither Mrs B nor Ms P could resolve matters with the supplier, they contacted Halifax to make a claim.

Halifax said that Mrs B didn't have a valid claim under Section 75 of the Consumer Credit Act ("Section 75"). It explained that, amongst other things, in order for a valid claim to be considered under Section 75, Mrs B needed to show that she had a contract in place with the supplier for the goods, and based on the information it had available, it couldn't determine this – stating that all the correspondence it had seen was in Ms P's name, and that the address used didn't match the address it held on file for Mrs B.

Mrs B complained about Halifax's decision regarding the outcome of her claim, however it didn't uphold her concerns. It said "As there is no direct link between you and the merchant in the contract as well as insufficient evidence to show what was included for the purchase amount. Section 75 protection doesn't apply in this case".

An Investigator considered the evidence provided by both parties but they didn't think Mrs B's complaint should be upheld. They explained that in order for a Section 75 claim to be considered, there needed to be a 'debtor-creditor-supplier' arrangement in place.

Ultimately, the Investigator didn't think they'd seen enough evidence to show that there was this type of arrangement in place. They also explained that based on the evidence Halifax had at the time they considered Mrs B's Section 75 claim, they felt Halifax had fairly handled the claim.

Mrs B didn't agree with the Investigator's view. And so the complaint was passed to me to decide on the matter.

I previously issued a provisional decision on this case, that's because while it was my intention to come to the same outcome as the Investigator, I made a different finding in relation to more recent evidence provided by Mrs B. Because of this, I wanted to give both parties the chance to respond with anything else they wanted me to consider before I came to my final decision on the matter.

I have copied my provisional findings below, which also forms part of this final decision.

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

Having considered all of the evidence available to me I don't intend to uphold Mrs B's complaint. I appreciate this decision will come as a disappointment to her, however I will explain my reasons for this below.

I'm sorry to have read of the issues Mrs B has had with the carpet supplier. However, as Halifax aren't the supplier of the goods, I can only consider whether it acted fairly and reasonably in light of its role as the finance provider.

In deciding if Halifax has acted fairly and reasonably, I have thought about the ways it could have helped Mrs B get a refund. In this case, I consider the chargeback process and Section 75 of the Consumer Credit Act 1974 ("Section 75") to be relevant.

Chargeback

The chargeback process provides a way for the card issuer – in this case Halifax – to help a customer claim a full or partial refund of the amount the paid on their card, if certain things go wrong with what they've purchased.

The process is overseen by the card scheme. Card schemes set out various rules covering things such as what sort of scenarios are eligible for chargeback, the kind of evidence required, and the timescales for a chargeback to be raised.

Generally speaking, it is good practice for a card issuer to attempt a chargeback where the right exists and there's some prospect of success. That said, they're not guaranteed to be successful, and a consumer is not able to demand that their card issuer attempt one. A chargeback can be defended too; the party which received the payment can resist a chargeback attempt. If neither party concedes then, ultimately, the card scheme itself can be asked to rule on the dispute in a process called arbitration.

In this case, Halifax didn't raise a chargeback for Mrs B. I can see from the internal notes it's provided that it didn't do this because a chargeback it was too late for the claim to be raised under the chargeback rules.

I've looked at the chargeback rule most relevant to Mrs B's situation. The chargeback rules state that a claim of this nature must be made within 120 days of the delivery. Because the carpets were due to be delivered in May 2023, and Mrs B didn't raise her dispute about the purchase with Halifax until December 2024, her claim was made outside of the time in which Halifax could have raised a claim. As a result, I'm satisfied Halifax's decision not to proceed with the dispute as a chargeback was a fair one. And so I don't think it's done anything wrong here.

Section 75

Halifax said that it didn't have enough evidence to show that Mrs B had a valid Section 75 claim. I've thought about whether it has handled things fairly in the circumstances, and I think it has.

Section 75 allows Mrs B to make a claim against Halifax in respect of the goods she paid for using her credit card. However, for Section 75 to apply, certain criteria need to be satisfied relating to things like the parties to the transaction, the way the payment was made and the cost of the goods.

One of the conditions which needs to be met for Section 75 to apply to a purchase, is that there needs to be what is called a debtor-creditor-supplier ("DCS") agreement in place. This describes the relationship between the three parties in a transaction where a form of credit is used to pay for goods or services, as is the case here. The three parties are: the consumer that has bought goods or services (the debtor, Mrs B), the business that has provided the money for them to do this (the creditor, Halifax), and the party that provides them (the supplier, the carpet supplier).

Why this is relevant to this case, is because in order for a DCS agreement to be in place, there would normally need to be evidence of the debtor having some form of contract in place with the supplier. Halifax asked Mrs B for evidence to satisfy itself that there was a DCS agreement in place, but Mrs B wasn't able to provide it with much information, and so it concluded that it didn't think Section 75 applied to the purchase Mrs B made for the carpets.

Mrs B has provided this Service with a copy of the invoice she says she got from the carpet supplier. While there isn't much information on the invoice itself, I can see that under 'customer' on the invoice both Mrs B's surname and Ms P's surname have been written on it. There's also an address on the invoice that I believe is Ms P's.

I'm persuaded that this is enough to show that Mrs B did have a contract herself with the supplier. I think it's reasonable that the address on the invoice would be different to Mrs B's because the goods were intended as a gift for Ms P, and so to be delivered to Ms P.

But my decision here is about whether Halifax's assessment of the Section 75 claim was fair and reasonable. I can see that Halifax repeatedly requested information from Mrs B to help with its investigation. Mrs B provided Halifax with a copy of her statement to show the payment had left her account, but she said she didn't have anymore evidence.

I can also see that Mrs B provided Halifax with correspondence with the supplier. But all the correspondence is with Ms P, not Mrs B. While I accept this doesn't necessarily mean Mrs B didn't have a contract with the supplier, Halifax really didn't have any evidence to suggest that there was a contract in place between Mrs B and the supplier.

I have provided Halifax with a copy of the invoice Mrs B sent to this service. I asked it if it had seen this information before. It confirmed it hadn't.

So overall, at the time Halifax considered Mrs B's claim, I don't think it had enough evidence to demonstrate that there was a DCS agreement in place – and the evidence it did have suggested that there may not be one. So, I don't think it's decision to decline Mrs B's claim, based on the evidence it had at the time, was an unfair one.

Mrs B can ask Halifax to reconsider her claim; on the basis of the invoice she's now been able to produce. I make no finding here on what the outcome of that claim might be. Although I will add here that the success of any claim will likely be dependent on the

information Mrs B can provide to support her claim. Mrs B will be required to engage with Halifax's request for information.

In addition to what I've said here, I note that Mrs B has made reference to the carpet fitter, in that they didn't fit the carpet properly. Mrs B wouldn't likely have a valid Section 75 claim in relation to the actions of the carpet fitter, because she didn't pay the fitter using her Halifax credit card – my understanding is she paid the fitter separately in cash. The carpet fitter appears to have been self-employed and separate to the carpet supplier, so the actions of the fitter couldn't generally be considered as part of a claim relating to the supplier. However, I make reference to this as information only, and to help manage Mrs B's expectations should she decide to refer back to Halifax."

Halifax responded to the provisional decision and said it accepted the provisional findings and didn't have anything further to add.

Mrs B provided multiple responses. Initially, it seemed that she wasn't clear on the outcome of the decision. She then said that she felt the decision was unfair, because she had been sold carpets that were faulty, and she now felt she was out of pocket. She also felt that Halifax were trying to get out of her claim because of a technicality, which again she didn't feel was fair.

Prior to issuing this decision, I asked the Investigator to speak to Mrs B on the phone so they could explain what the provisional findings meant. The Investigator wasn't able to speak to Mrs B, and so I have decided to continue with my final decision.

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 considered all of the available evidence again, I have decided not to uphold Mrs B's complaint, for the same reasons as set out in my provisional decision. However, I will explain what this means for Mrs B's complaint.

When Halifax initially looked at Mrs B's Section 75 claim, it couldn't determine if there was a contract in place between the carpet supplier and Mrs B – this is required for a valid Section 75 claim. I appreciate this might seem like a 'technicality', but it is important that this relationship is established, otherwise there is no valid claim to be investigated.

At the time Halifax looked into things, Mrs B hadn't provided it with a copy of the invoice she has since provided to this Service. The invoice, in my view, shows there was a contract in place between Mrs B and the carpet supplier. So, I think Halifax should reassess Mrs B's Section 75 claim on this basis (if she would still like it to be considered).

The reason I haven't upheld this complaint, is because Halifax weren't provided with a copy of the invoice at the time it was investigating the claim – and I can see that it had requested this on a few occasions. So based on the information Halifax had at the time of it investigating the claim, I think it came to a fair outcome.

Now the invoice has been produced, I think Halifax should reconsider Mrs B's claim. I don't know what the outcome of the claim will be – and it is likely that Halifax will need Mrs B (or her representative) to provide more information to help Halifax with its investigation. If Mrs B is unhappy with the outcome of her claim, once Halifax has reinvestigated it, then she can refer matters back to this Service.

I can see that Mrs B has provided some information about some very sad and difficult personal circumstances she has been going through. I am genuinely sorry to have read this. And I accept that things must have been very difficult for her recently as a result. I would encourage Halifax to bear this in mind when dealing with Mrs B (or her representative), if Mrs B chooses for it to reassess her claim.

My final decision

For the reasons set out above, I don't uphold Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 7 November 2025.

Sophie Wilkinson
Ombudsman