

The complaint

Mr P complains that Bank of Scotland plc, trading as Halifax, hasn't provided him with a refund for a purchase he made using his Halifax credit card account.

What happened

On 14 August 2024, Mr P paid £1,028.86 to a crowdfunding company I'll refer to as "K". The payment was made as a pledge to back a project for a robotic lawnmower, provided by the 'project creator'. As a 'reward' for Mr P's pledge, the project creator said it would send Mr P a lawnmower.

Mr P says the expected delivery date of the reward was initially December 2024; but this was later changed to April 2025. On 2 July 2025, the project creator officially announced they were halting production of the lawnmower and wouldn't be delivering anymore products. Mr P says the company has since ceased trading.

Mr P approached Halifax for a refund, which he says it rejected under the chargeback scheme. And it explained that he didn't have a valid Section 75 claim either because the "debtor-creditor-supplier" agreement required for such claims was broken; that's because the payment was processed by K, and not the product creator directly. When Mr P complained to it about the outcome, Halifax didn't think it had done anything wrong in how it handled the claim. Mr P believes Halifax came to the wrong outcome and it has misapplied the law.

An Investigator considered the evidence provided by both parties, but they didn't uphold Mr P's complaint. They explained that they didn't think Halifax had done anything wrong when not progressing the chargeback claim further. And they explained why they didn't think Halifax had unfairly considered Mr P's Section 75 claim.

Mr P didn't agree with the Investigator's view. He explained that the Investigator had relied too heavily on K's terms and conditions, which shield it from taking responsibility for the suppliers' misrepresentations. Mr P said that K were the sole commercial agent, processed funds for the transaction, took commission and provided a platform for the supplier to make a misrepresentation.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

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, I've decided not to uphold Mr P's complaint. I appreciate this decision will come as a disappointment to him; however, I will explain how I have reached my outcome below.

Before I do that, I want to make it clear that I have read and taken into account all of the information provided by both parties, in reaching my decision. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

I'm sorry to have read of the issues Mr P has had with K and the project creator. 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 Mr P get a refund. In this case, I consider the chargeback process and Section 75 of the Consumer Credit Act, that I'll refer to as "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 paid on their card, if certain things go wrong with what they've purchased.

The process is overseen by the card scheme – in this case, Mastercard. 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 – in this case K – 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.

Halifax raised Mr P's dispute under the chargeback scheme, and I have considered what both parties have said about the chargeback along with the wider evidence about the scheme rules to decide if Halifax acted fairly and reasonably in handling the claim.

Halifax appear to have raised Mr P's chargeback claim under "Goods or Services Not Provided", which I think was reasonable based on what Mr P had told it about the transaction. But K defended the claim, and in summary, explained that it operates a crowdfunding platform, whereby its customers, known as 'backers', use the platform to financially support projects which are published on its website by creators. K explained that it isn't part of the contract its backers have with creators. K also explained that Mr P had agreed to its terms of use, and as part of that agreement, it explained to Mr P, that K isn't a store, it doesn't guarantee projects, it is the creator's responsibility to complete the project, and the claims of the project are the creators own.

Based on the evidence provided by K, Halifax took the decision not to continue with Mr P's chargeback, and it charged the disputed amount back to Mr P's credit card.

Where the merchant defends a claim, it is up to Halifax to decide whether or not to take the dispute further and ultimately on to arbitration to be decided by Mastercard – and it would usually only do this if it thought it had a reasonable prospect of success. I can't know for certain what view Mastercard would have held had the chargeback been taken to arbitration,

however, I think on balance, the K's arguments and evidence wouldn't have been favoured over Mr P's.

I say this because, ultimately, the terms of use are clear that Mr P hadn't purchased a product from K. He had used K's platform to financially back a project. The terms of use explain that K isn't responsible for the project's performance. And so, it wasn't responsible for Mr P not receiving the reward for his pledge, which was the lawnmower. For these reasons, it seems unlikely that Mr P's chargeback would have been successful had it gone to Mastercard for arbitration.

Based on everything I've seen, I'm satisfied that Halifax acted fairly and reasonably when it considered Mr P's chargeback claim and ultimately decided not to pursue matters at arbitration.

Section 75

Section 75 allows Mr P to make a claim against Halifax in respect of the item he bought using his credit card. 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.

In this case, Halifax has said that Mr P has no valid Section 75 claim because the necessary debtor-creditor-supplier ("DCS") agreement isn't in place for Mr P to be able to hold it liable for what's happened under Section 75. It says this is because the credit card payment didn't go directly to the project creator, and instead went via K.

I'm minded to agree with Halifax here. Mr P's claim is that he didn't get the lawnmower as a result of the project not going ahead; so his claim here is against the creator, and not K. K aren't supplying any goods as part of its contract with Mr P; and it isn't the supplier of the lawnmower Mr P was expecting to receive. And therefore, I think it was reasonable of Halifax to say that there is no DCS agreement in place.

But, even if Halifax is wrong about the DCS agreement, it doesn't make a difference to the outcome in this case, and I'll explain why below.

For a Section 75 claim to be successful, there would need to be evidence of a possible breach of contract, or a misrepresentation. But I haven't seen evidence of either in this case.

While I note Mr P states that the Investigator relied too heavily on the terms and conditions provided by K, which he says shields it from taking responsibility of the actions of the creator; the terms and conditions form part of the contract Mr P had with it. So, I must consider whether it acted in accordance with its terms and conditions when considering if there had been a breach in contract. And based on the information I've been provided by the parties, I've seen no such breach, nor has Mr P been able to demonstrate a breach in contract with K.

Overall, Mr P has raised several arguments so I've also considered more broadly whether any other aspect of the contract he entered with K could be said to have been breached, this includes a consideration of the implied terms in the contract; but I haven't found that to be the case either.

I can see that Mr P has said that the creator made a misrepresentation when it 'guaranteed delivery'; which he says he took to mean that he would be guaranteed delivery of the lawnmower. But because Mr P paid K, I must consider whether K made a misrepresentation, and I don't think it did. I say this because the terms of use state that:

To the extent these Terms conflict with any supplemental or additional terms that are applied by a creator to their project, these Terms prevail.

And

..backers agree and acknowledge they're not buying something when they back a project—they're helping to create something new, not ordering something that already exists. Every project is different. There may be changes or delays, and there's a chance something could happen that prevents the creator from being able to finish the project, which is not guaranteed.

So, I can't fairly conclude that K made a misrepresentation. In fact, it was clear that Mr P wasn't making a purchase and instead making a pledge to financially support a project. K was clear that there was no guarantee the project would finish, or that Mr P would receive the reward for the pledge (the lawnmower).

Even if Halifax is wrong in stating that there is no DCS agreement in place, I don't think it likely Halifax would have found that K breached the contract or made a misrepresentation, and therefore I don't think it likely Halifax would have found that it was jointly liable to remedy any breach or misrepresentation. And I don't think it would have been unreasonable of it to have come to this conclusion for the reasons I've set out above.

Taking everything into account, I don't think Halifax acted unfairly or unreasonably in not providing Mr P with a refund.

My final decision

For the reasons set out above, I don't uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 20 May 2026.

Sophie Wilkinson
Ombudsman