

## The complaint

Mr S has complained about the way Bank of Scotland plc trading as Halifax ('Halifax') dealt with his claim for money back in relation to a transaction made on his credit card.

## What happened

In late April 2025 Mr S hired a car from a business I'll call M whilst travelling abroad, and he paid around £331 for it using his Halifax credit card. Shortly after hiring the car Mr S told M that the windscreen wipers weren't working properly, and the car was dangerous to drive in the rain. M responded straight away and asked Mr S if it was possible for him to go to an office in the next town, as its closest office was closed the following day. Mr S has said he did not do this as he deemed it unsafe. On 2 May 2025 Mr S drove the car, and it sustained damage. In the following days M replaced the windscreen wipers.

M debited around £897 on Mr S's credit card for the damage to the car. It did this because it had preauthorisation to do so. Mr S told M it hadn't provided a car that met safety standards, as it was required to. The damage was caused as a result of the windscreen wipers not working. So M was responsible for the cost of the damage. M didn't agree, it said the car had been assessed by its workshop. Whilst it agreed the windscreen wipers weren't in optimal condition, a report had been produced that said the damage wasn't sustained as a result of the windscreen wipers not working.

As Mr S couldn't resolve things with M he asked Halifax for help. Halifax raised a chargeback through the MasterCard scheme, which Mr S's credit card belonged to. However, the chargeback was defended by M. Halifax asked Mr S for his response to the defence, upon receiving this it didn't think the chargeback would be successful, so didn't take things further. Halifax set out that M had offered to resolve the issue initially, however Mr S had continued to use the car. That M's workshop had said the damage wasn't because the windscreen wipers weren't working. And the charge had been applied in line with M's terms and conditions.

Unhappy with Halifax's response, Mr S came to our service. Halifax told us it had not looked at things under section 75 ('S75') of the Consumer Credit Act 1974 ('CCA') as M was a third party.

An investigator considered Mr S's complaint. Overall, she didn't think Halifax had dealt with things unfairly, she said –

- There likely had been a breach of contract under S75, however M had offered a remedy.
- The chargeback was unlikely to succeed. Mr S didn't return the car and continued to use it. And didn't give M a fair chance to rectify the issue.

Mr S didn't agree, he didn't think Halifax had handled things fairly, in summary he said –

- M hadn't offered an immediate remedy; M didn't offer local assistance, collection or replacement. M instructed him to drive an unsafe car to the next town.
- He had no choice but to use the car, where he was staying there was limited public

- transportation. And he only used the car for essential trips, e.g., food shopping.
- The workshop report wasn't independent, and it should have been.
  - Halifax's handling of the complaint breached the Financial Conduct Authority's (FCA) Consumer Duty.

Given Mr S didn't agree the complaint was progressed to the next stage of our process, an ombudsman's 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.

I'm aware I've summarised the events of the complaint to some degree. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality. But I want to assure Mr S and Halifax that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

I also wanted to thank both parties for providing further information. Given what I've received I'm of the opinion I can issue my decision.

So, what I need to consider here is whether Halifax – as a provider of financial services – has acted fairly and reasonably in the way it handled Mr S's request for getting his money back. It's important to note that Halifax isn't the supplier of goods or services which this dispute centres around.

I've thought about the card protections that are available. In situations like this, Halifax can consider raising a chargeback or assessing a claim under S75.

### **S75**

S75 is a statutory protection that sets out, in certain circumstances, if Mr S paid for goods and/or services, in part or in whole, on his Halifax credit card, and if there was a breach of contract or misrepresentation by the supplier, Halifax can be held responsible.

However, there are certain technical criteria that must be met for a S75 claim to be valid. One being there needs to be a 'debtor-creditor-supplier' ('DCS') agreement in place between the parties to the transaction.

### **DCS**

Halifax has said that M were a third party in this transaction, I disagree. Mr S entered into an agreement with M for it to supply a hire car, Halifax have provided evidence that Mr S paid M around £331 to hire the car. Furthermore, I can see the charge for the damage also went straight to M. So, it follows here that Mr S was the 'debtor'. Halifax was the 'creditor'. The 'supplier' was M. I think a valid DCS agreement was present. And the other technical criteria have also been met.

### ***Breach of contract***

Subsequently I've thought if there has been a breach of contract. This occurs when one party to an agreement breaks either its explicitly agreed /expressed terms, or terms which

are treated as included or implied – for example because that’s what the law says must happen.

Here Mr S has paid for a service, for M to provide a hire car, or goods, to be used for a specific period of time. An implied term of this contract, as set out in the Consumer Rights Act (CRA) is that the service will be performed with reasonable care and skill. I think the CRA likely applies here, but even if that’s not right I think there would be similar legislation where Mr S was at the time he hired the car.

I think there is an argument that M didn’t carry out its service with reasonable care and skill and a breach of an implied term occurred. I say this because it seems the windscreen wipers needed changing.

Within the CRA there are remedies available when requirements under the act aren’t met, one being a right to a repeat performance, so broadly for the services to be provided within a reasonable time without significant inconvenience to a consumer.

Here when Mr S highlighted the windscreen wipers weren’t working, M asked him if it was possible to bring the car to one of its offices the next day so it could look at it. Which likely would have resulted in the windscreen wipers being replaced, as M eventually did this a few days later. I’m satisfied here that M was attempting to quickly put things right for Mr S, as I would expect. Essentially looking to provide the service it had agreed to.

I’ve thought if this was a significant inconvenience to Mr S. He has argued that the car was unsafe to make the journey to the office M suggested, so he refused to drive there. He also said M didn’t provide him with alternatives, such as roadside assistance or collection of the vehicle. From what I’ve seen I agree this wasn’t offered, and it’s arguable it should have been. But I can’t see that Mr S attempted to mitigate things by asking for these alternatives either. Even if I’m wrong on that, I think if Mr S deemed the car unsafe, as it arguably was, then there’s an argument it shouldn’t have been used at all until the windscreen wipers were fixed. Bearing this in mind I think Halifax may have fairly considered there was an offer of a remedy available for any perceived breach of contract. And Mr S didn’t take up this offer at the earliest opportunity or take sufficient steps to mitigate.

I’ve next considered the consequential loss Mr S has said he’s suffered because of the alleged breach of contract – the cost of the damage to the car. When considering this point, I need to think about whether the losses were directly flowing from the breach, or whether there was some sort of break in that. Mr S didn’t take up M’s offer at the earliest opportunity; the car was driven when he deemed it unsafe to do so. By doing this I think Halifax may have fairly considered there was an intervening act that meant the subsequent damage (and loss) wasn’t directly flowing from the alleged breach of contract. I think it follows that I don’t think Halifax need to do anything differently on this point.

I also want to add I don’t think it’s completely clear the damage was caused as a result of the wiper issue. Halifax were given two completely different explanations from Mr S and M. Whilst what Mr S has said is possible, it’s also equally possible that the damage was caused by an accident from the driver. This would be another intervening act that breaks the link between the two things. I think Halifax would’ve wanted to be more certain on this point.

I’ve also thought if there has been a breach of the expressed terms of the contract in relation to the consequential loss. Looking at the terms and conditions, I can see Mr S agreed for M to debit his credit card for any damage caused to the car during the rental, and I can’t see that he bought insurance. So, it doesn’t appear an expressed term has been breached that Halifax would be responsible for.

So, to conclude, I think an implied term of the contract under the CRA may have been breached, however M offered Mr S a remedy which he didn't take up straight away. Given Mr S didn't take up the remedy and chose to drive the car when he deemed it unsafe, I think Halifax's consideration that there was an offer of a remedy available for any perceived breach of contract may have been fair.

I also think it's fair that Halifax have considered that the consequential loss wasn't directly flowing from the alleged breach of contract, because the car was driven when Mr S deemed it unsafe to do so. Added to this is that it's not clear if the damage to the car can be attributed to the alleged breach. And I also don't think an expressed term of the contract was breached. Even though I don't agree with Halifax that there wasn't a valid DCS agreement in place, ultimately it wasn't unfair for the S75 claim not to be upheld.

## **Chargeback**

Looking at the MasterCard rules a chargeback for car rental damages can be raised. The rules set out things that Halifax need to think about when it's raising one, and when a merchant has defended it. These include –

- Was the charge for the damage processed as a separate transaction?
- Did M give Mr S a reason for the charge with a reasonable estimation of the cost of repairs?
- As the charge was preauthorised, did it exceed the agreed authorised amount?
- Did M provide documentation to establish whether Mr S was responsible for the charge for the damage?

The charge here was processed separately from the amount paid for the car rental. When M defended the chargeback, it gave Halifax the emails it sent to Mr S explaining he was going to be charged and a copy of the repair quote. The amount Mr S was charged didn't exceed the preauthorised amount in the terms and conditions. Finally in the documents M sent to Halifax it maintained that Mr S hadn't accepted its offer for help, the car was driven and sustained damage which it didn't think was because of the wiper issue. Halifax also had Mr S's information that he'd provided.

Given all of this I don't think that Halifax was wrong to conclude M's evidence was enough for it to consider the chargeback wouldn't likely have been successful. So, it follows I don't think that Halifax handled the chargeback unfairly by not pursuing it further.

Given I don't think Halifax handled the chargeback or S75 claim unfairly, I don't think it breached the FCA Consumer Duty principles.

So, to conclude, for the reasons given above, I don't find I have grounds to direct Halifax to take further action.

## **My final decision**

My final decision is that I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 March 2026.

Helen Boulton-Agg  
**Ombudsman**