

complaint

Mr R complains that Bank of Scotland plc trading as Halifax wouldn't refund a debit made to his current account via the chargeback scheme.

background

Mr R visited a hotel and gave the hotel his debit card details. After leaving the hotel it contacted him to say that there was damage to the room he'd stayed in and it had to dispose of the mattress. It said it would be taking the costs from his card. Mr R then rang Halifax and told it not to process the transaction but it paid just over £300 from his account.

Mr R then made a chargeback request. Halifax temporarily refunded the money to his account and processed the request. The hotel disputed the request. It said that Mr R had given it permission to deduct the cost of any damage from his card. It said that the mattress had been damaged and had to be disposed of. It provided a statement from the duty manager and a letter it had written to Mr R after his departure. Halifax therefore decided that it wouldn't be able to take the chargeback request further and took the money back out of Mr R's account.

Mr R complained. He said there wasn't any damage to the hotel room, or if there was he wasn't responsible for it. He said that Halifax shouldn't have allowed the payment to be made in the first place, and should recover it for him. Our investigator didn't think that Halifax had done anything wrong, and so Mr R asked for an ombudsman to look at the complaint.

my findings

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

The chargeback process is a scheme run by card operators which provides some protection for cardholders. However, it's important to note that it's a voluntary scheme. It's not a legal right in the same way that some of the protections under the Consumer Credit Act are – though as good practice I'd expect to see a bank raise a chargeback request if there's a valid dispute with a reasonable prospect of succeeding.

When a cardholder first raises a chargeback request, the card issuer checks to see whether what's been said is something covered by the scheme, then if it is asks for further information. That's what happened here. There's a dispute here between Mr R and the hotel – and that's not something I can decide on. What I have the power to consider is the actions Halifax has taken, and whether in all the circumstances it's treated Mr R fairly.

When Mr R went to the hotel, it says he signed a registration card – I've seen a copy of that card. It includes the following wording:

“By signing this registration card I am accepting full responsibility of the room allocated at the time of arrival. If any damages occur while staying at the hotel management have the right to take payment from the card authorised at the time of booking.”

Mr R says that the signature on the form doesn't match his and he didn't complete the card. I'm not a handwriting expert but I agree that there are differences between the signature on

the card and the one Halifax holds on its records. Mr R also disputes that the damage occurred, or at least that he was responsible for it. He also says he didn't have the breakfast he was charged for – though the charge arose when it was ordered.

However, Mr R doesn't dispute that he stayed at the hotel and gave the hotel his card details.

I'm afraid I don't agree with Mr R that Halifax should simply have stopped the payment on his instructions before it was processed. This isn't a case of fraud where, for example, Mr R's card was stolen and used without his consent. Halifax was presented with a valid payment request that it was told he'd authorised and so it processed it.

But Halifax did raise a chargeback request, asking for information from the hotel about its version of events. The hotel responded to the information request with a statement from the duty manager – who inspected the room after Mr R left – setting out what it said was the damage. It included the registration card I've quoted from above.

That means that the hotel didn't accept the chargeback. It disputed Mr R's version of events and said that he had given permission for the money to be taken to cover damages he had caused. It said it had a right to the payment.

I'm satisfied that Halifax did what it was supposed to. It investigated the payment via the chargeback process. As the hotel disputed the chargeback, Halifax decided not to take the matter further. It wasn't a case where there was fraud or a simple mistake. There was a dispute between Mr R and the hotel about what had happened and who was responsible for it.

In the circumstances, it was reasonable for Halifax to have concluded that this was essentially a dispute between Mr R and the hotel and not one it was in a position to resolve. In my view, this isn't a dispute about whether or not an agreement between Mr R and the hotel existed, but rather one about the exact terms of that agreement – and that's something for Mr R to resolve with the hotel direct. So I don't think Halifax acted unfairly when it decided it had taken Mr R's chargeback request as far as it reasonably could.

my final decision

For the reasons I've given, 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 R to accept or reject my decision before date 12 June 2017.

Simon Pugh
ombudsman