

complaint

Mr and Mrs K are unhappy because, due to a problem with Bank of Scotland plc's (trading as Halifax) systems, they're unable to make use of the bank's cashback scheme.

background

Mr and Mrs K have a joint current account with Halifax and the bank offers customers like them the opportunity to register for its cashback scheme. Mr K tried to register online but he kept getting told he didn't have a valid account. So he called the bank in May 2014 and asked it to look into what the problem was.

Halifax worked out quite quickly that Mr K's problem related to a known system glitch, which it can't sort out. So it offered Mr and Mrs K £80 compensation to cover the costs of their phone calls and compensation for any confusion they had experienced.

Mr and Mrs K just want to be able to use the cashback scheme so they asked us to see if what Halifax had done was fair. The adjudicator didn't think Halifax had paid enough given that Mr and Mrs K were entitled to benefit from the scheme and will potentially lose out if the bank can't fix the problem. He recommended that Halifax should increase its offer to £500.

The bank didn't agree and said, in summary, that:

- It doesn't decide what offers to make available to each customer – the retailer decides. Each offer is generally only available for a short amount of time. And it would be very unlikely any customer would receive cashback offers from retailers they already, regularly shop with. This is because the scheme is a marketing tool to encourage new custom for the retailers.
- The cashback scheme was introduced in November 2013. Since then the average monthly cashback payment made to customers has been £8.78. So the £80 compensation it has already paid covers Mr and Mrs K's loss.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Having done so I don't think the bank's offer is fair – I will explain why.

Halifax's website explains that in order to qualify for the cashback scheme an individual must have a Halifax bank account, be aged 18 or over and bank online. Mr and Mrs K meet these criteria so they should be able to participate in the scheme. And it doesn't seem fair that a computer glitch is stopping them from doing so. Why should they be unable to benefit from the scheme when other customers can just because Halifax can't fix the computer glitch?

It's clear Mr K was trying to register for the scheme in May 2014 and he says he would have considered using different retailers if he'd been successful in his registration and been given some cashback offers. So it seems to me entirely possible that, if he'd been able to register, he and Mrs K may have been able to get some money back since then. And there's no reason to think they wouldn't similarly use the scheme in the future for as long as they hold a Halifax current account and the cashback scheme remains in place.

Having said that, it's pretty much impossible to work out exactly how much Mr and Mrs K have already lost out, and might lose out, by being unable to use the cashback scheme. This is because, as the FAQ section of the bank's website explains, the cashback offer varies from retailer to retailer. The website says a customer can earn *up to* 15% cashback. But there's no guarantee that 15% cashback will be paid on *everything* a customer has spent at one particular retailer for an unlimited amount of time. And we can't be sure which offers would have been made available to Mr and Mrs K. Or which offers they'd have signed up to. Or how much they would have earned from each offer.

But, as I've already said, Mr and Mrs K were keen to save (or earn) money using the cashback scheme. Some offers must equate to 15% off what a customer has spent. And, having compared the example retailers that participate in the scheme and the activity on Mr and Mrs K's current account, I think it's quite possible Mr and Mrs K would have received offers they could make use of. Halifax has said the average monthly cashback is £8.78 but it hasn't shown me how this figure has been calculated. But, even if I accept that figure is a reasonable estimate, the £80 the bank has offered is only sufficient to cover the losses Mr and Mrs K potentially suffered up to the point the offer was made. So the bank seems to have given little, or no, consideration to the losses Mr and Mrs K may suffer in the future. And that potential for loss only exists because the bank won't take steps to fix the computer glitch that has caused this problem. Or find another way to allow Mr and Mrs K to use the cashback scheme.

The adjudicator recommended that the bank should pay £500 in total to recognise the inconvenience, and potential losses, Mr and Mrs K have suffered. Given everything I've said, I think this is a fair way to compensate Mr and Mrs K. I've seen copies of some of their bank statements which show the bank has already paid them £80. So that leaves £420 to be paid, if Mr and Mrs K accept my decision.

my final decision

My final decision is that Bank of Scotland plc should pay £420 to Mr and Mrs K.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs K to accept or reject my decision before 5 June 2015.

Ruth Lewis
ombudsman