

## **complaint**

Miss F has complained Bank of Scotland plc, trading as Halifax, didn't manage her complaint properly when she disputed some payments made using her debit card.

## **background**

Miss F linked her debit card to her partner's account with an online payment scheme (who I'll call P). In March 2018 she complained to Halifax that there were a number of transactions made to her partner's P account that she disputed. These were all gambling transactions. Halifax turned down Miss F's fraud claim. She then complained that the gambling company's (who I'll call G) terms and conditions were misleading. She expected Halifax to raise a chargeback request using the card scheme rules.

It became clear this wasn't done until early July 2018. Halifax credited Miss F's account with £6,500 on 4 July representing the three disputed payments whilst they started the chargeback process although restricted access to the funds. They didn't believe the chargeback had much chance of success. G successfully defended two transactions (for £2,000 and £2,500). Halifax re-debited £4,500 from Miss F's account on 16 August, which meant that £2,000 had been credited back to her.

Miss F felt the delay in raising the chargeback allowed the gambling company a longer period than they should have to respond to the chargeback. She brought her complaint to the ombudsman service.

Our investigator reviewed the evidence. This included Halifax's information about IP addresses and the authentication record for Miss F's debit card transactions for March 2018. Copies of her statements for her current and savings accounts showed regular transfers between her two accounts. This evidenced sufficient transfer of funds to allow the debit card to be used for Miss F's partner's P transactions. Overall he didn't think Halifax had done anything wrong. He believed Miss F had authorised the debit card transactions. He didn't think there was evidence to show Halifax hadn't properly applied the chargeback rules. And he could see Halifax had paid Miss F a total of £600 for the problems she'd had with poor customer service.

Miss F disagreed with this outcome. She's asked an ombudsman to consider her complaint. She's not provided any additional evidence to support her argument she'd been treated unfairly.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I've reached the same conclusion as our investigator and for roughly similar reasons. I'll explain why.

There are a few different strands to Miss F's complaint. She initially complained to Halifax that she'd been a victim of fraud and her card used without her authority. She then felt Halifax hadn't followed the chargeback rules properly and she believed the customer service she'd received was poor.

Firstly I can see the timeline of events, detail on the transactions, the IP addresses and how the transactions were made were comprehensively covered in our investigator's view of

8 November 2019. I don't intend to repeat everything that was said there. Except to say I'm satisfied I've reviewed the complaint thoroughly and considered all three aspects carefully.

The Payment Services Regulations primarily require banks to refund customers if they didn't make or authorise payments themselves. Certain other circumstances do apply but nothing else that's had a marked impact on the decision I'm making here. So when we look at whether a bank has acted fairly in rejecting someone's fraud complaint, one of the things we consider is whether the customer made the transactions themselves or allowed them to be made. If they did, then we generally wouldn't ask the bank to refund them.

To help me decide what happened, I've looked at the evidence of the transactions, as well as what both Halifax and Miss F have told us.

The following summarises what I've considered:

- Miss F's partner opened a gambling account with G in March 2018. More than 20 payments were made over a 3-4 day period spending more than £15,000. There were also three credits from G for £2,500, £10,000 and £5,350 credited back to Miss F's Halifax account during this period.
- P alerted Miss F's partner to unusual activity on his account. He interpreted this as suggesting his account was hacked. I suspect it's more than likely this was just an alert to say there was a lot of activity on his account with a lot of money passing through it. P weren't saying this activity was unauthorised.
- All the IP addresses used are consistent. There's nothing to show any of these transactions weren't authorised by Miss F.
- Miss F was regularly transferring money from her savings to her current account to enable her debit card to be used to pay her partner's P account.
- Halifax turned down Miss F's fraud claim for transactions to G. I can see why. None of the evidence shows she didn't know or authorise these transactions.
- There is a pattern of regular gambling using her partner's P account both before and after these transactions. Miss F had raised a previous fraud claim in September 2017 about three transactions with another gambling company.
- Miss F however did dispute three transactions in March 2018 as outside the agreement with G. These were all made on 23 March around 12:15. Halifax agreed to use the chargeback scheme to raise a dispute with G.
- Unfortunately they didn't do this when requested. In fact they didn't raise the chargeback with G until 5 July. On 4 July to recognise the error they'd made they paid Miss F £400. This was in addition to £100 they'd paid on 22 May. They also paid her a further £100 by cheque on 18 July.
- There's no evidence to suggest Halifax didn't follow the timescales that apply to the chargeback scheme. These timescales are not set by Halifax but by the international card schemes.
- The timescales differ depending on what kind of dispute has been raised and whether the service being bought has been received or will be received by a future date. This covers the initial timescale for the customer to bring a dispute to their bank. In Miss F's case, although Halifax initiated the chargeback later than expected, it was still within the period allowed for a chargeback to be raised.
- Once the chargeback is raised, the merchant (G in this case) has a period during which they must respond. Halifax has confirmed this was 32 days. Halifax received G's response on 4 August: within the timescale.

- Miss F has suggested G benefitted by having an extended period in which to respond. This isn't the case. G wouldn't have known about the chargeback until after Halifax initiated this on 5 July.
- Miss F is upset that the money credited back to her account on 4 July wasn't available for her use. There were personal issues in her life which meant she was reliant on this money and it caused her distress not being able to use it.
- Halifax restricted Miss F's access to the refund as they didn't really believe the chargeback would be successful. As a lot of money was involved they didn't want Miss F to have spent it before knowing for sure she was getting it back. In the circumstances this seems to have been a sensible approach.
- As it is G didn't defend all three transactions and Miss F got to keep £2,000. I suspect this may have been an error on G's part.

Having taken everything into consideration, I'm not going to ask Halifax to do anything further. There's no dispute they made a mistake in not carrying out the chargeback in May but I don't think this had any impact on the eventual outcome of the dispute process.

Halifax paid Miss F £400 for this issue and £200 for other customer service aspects. I think this is fair and reasonable in the circumstances of this complaint.

### **my final decision**

For the reasons given, my final decision is not to uphold Miss F's complaint against Lloyds Bank plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 9 April 2020.

Sandra Quinn  
**ombudsman**