

The complaint

Miss C complains about the way Bank of Scotland plc trading as Halifax handled her request for money back in respect of events she paid for using her Halifax debit card.

What happened

Miss C booked tickets for a number of different events in 2020. She made several payments to two different suppliers using her Halifax debit card and another payment via direct transfer.

The events were postponed by the suppliers on several occasions because of the Covid-19 pandemic. Neither event ended up taking place and neither supplier provided Miss C with a refund.

Miss C got in touch with Halifax in July 2022 and asked it to help her get a refund of the money she'd paid to the suppliers.

Halifax said it couldn't help Miss C because she had notified it of her disputes too late for it to be able to reclaim the money from the supplier's banks via a process known as chargeback. It said it also enquired with one of the supplier's bank about the money paid to it by direct transfer but was told the money had gone.

Halifax did however pay Miss C compensation of £65 for a number of service errors she had made it aware of.

Dissatisfied with this response Miss C referred her complaint to this service.

An investigator here didn't think Halifax should pay the refunds to Miss C. She said the card scheme rules made it conditional that a chargeback had to be raised within 540 days of the date each transaction was made – and Miss C had made Halifax aware of her dispute later than this on all of the relevant transactions. So, she didn't think Halifax had treated Miss C unfairly by refusing to attempt chargebacks.

Miss C disagreed with the investigator and asked an ombudsman to review her complaint. She said the card scheme's rules and Halifax's enforcement of them was unfair as they made no concessions for the impact of Covid-19 on transactions.

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.

The Covid-19 pandemic brought with it many issues relating to travel and leisure activities which could not go ahead as planned, with lots of trips and events being cancelled.

In many instances in the early days of the pandemic, where the supplier hadn't refunded the cost of a service that didn't go ahead, the customer could look to their bank for a refund and commonly the banks refunded customers where the supplier had failed to, when appropriate.

But the right to a refund when a trip or event hasn't happened as expected because of Covid-19 isn't automatic. It is dependent on the individual circumstances of each case.

Here, I am looking at the actions of Halifax and whether it has acted fairly and reasonably in the way it handled Miss C's request for help in getting her money back. This will take into account the circumstances of the failed trip and how the supplier has acted, but there are also other considerations, such as the scheme rules a bank has to follow and its own obligations.

Given the payments Miss C made to the two suppliers were either via debit card or direct transfer, Halifax was limited in the ways it could try to get this money back for Miss C.

In certain circumstances the chargeback process provides a way for a bank to ask for a payment its customer made to be refunded. Where applicable, the bank raises a dispute with the supplier and effectively asks for the payment to be returned to the customer. While it is good practice for a bank to attempt a chargeback where the right exists and there is some prospect of success, the circumstances of a dispute means it won't always be appropriate for the bank to attempt one. There are grounds or dispute conditions set by the relevant card scheme and if these are not met a chargeback is unlikely to succeed.

The investigator has already laid out the specific card scheme rules that were relevant to Miss C's dispute and I think Miss C has confirmed her understanding of the part of these which related to time limits. So, I won't repeat them again here.

Looking at the date of each transaction Miss C made with the two suppliers, it's clear they all happened more than 540 days before Miss C made Halifax aware of her disputes in July 2022 – the latest transaction having taken place around November 2020. It's very likely therefore that chargebacks would not have succeeded if Halifax had attempted them as Miss C hadn't met the necessary temporal conditions in the card scheme rules.

On that basis I don't find Halifax treated Miss C unfairly by refusing to attempt chargebacks.

That's not to say Miss C wasn't treated unfairly by the suppliers and I do sympathise that she has lost out in circumstances which were not at all her fault. But it wouldn't be fair in this case to ask Halifax to pay the refund to Miss C if there was no feasible way that it could've recovered her funds from the suppliers. Chargeback is based on the card scheme rules and is not a determination of an individual's legal rights. I recognise Miss C has challenged the fairness of those rules. But it's not appropriate for me to assess that here as I don't have the power to require the scheme to change its rules. Rather, I've assessed whether Halifax gave the appropriate regard to them before deciding not to attempt a chargeback, which I find it did.

I can see from the evidence that has been provided that Halifax contacted the relevant supplier's bank to enquire about the funds that had been paid via direct transfer. It appears however that nothing came of this and the funds could not be recovered. Given there is no dispute as to whether that payment was authorised by Miss C, and given the chargeback process or the protection of Section 75 Consumer Credit Act 1974 were not available for that kind of payment either, I think Halifax did all that could reasonably be expected of it to try and recover the funds.

I recognise Miss C is also unhappy with how Halifax administered her dispute. Halifax accepted that it provided a poor level of customer service to Miss C when she made it aware of her dispute and paid her £65 in total. There were clearly failings in the way Halifax handled Miss C's claim including, errors recording what she'd told it about the claim, saying

it would reclaim money it hadn't actually refunded and using the wrong pronouns. Thinking about the impact this is likely to have had on Miss C, within the context of the outcome of her claim, I find the compensation Halifax has paid to be reasonable.

My final decision

For the reasons I have explained above, I don't require Bank of Scotland plc trading as Halifax to do anymore than it already has.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 22 August 2023.

Michael Ball
Ombudsman