

## **The complaint**

Mr M complains that Bank of Scotland plc trading as Lloyds Bank (Lloyds) incorrectly handled his chargeback claim.

## **What happened**

In July 2019 Mr M said a debt collection company came to his home and said he owed a debt to his Council. Mr M says he wasn't aware of any debt he owed to his Council, but he paid the amount due because the debt collection company said they'd take his car and belongings if he didn't. Mr M used his Lloyds debit card and a card he has with another bank to pay the amount he was told he owed.

Sometime after making this payment, Mr M contacted the debt collection company to find out what the debt was for. But the company told him to contact his Council for this information. Mr M said he did this, and was told by his Council they had no record of any money owed by him. After getting this information, Mr M contacted his banks to make chargeback claims.

At the end of October 2019, Mr M called Lloyds to raise a chargeback claim. Mr M explained what had happened, and he was told by Lloyds' adviser that they'd raise a claim. A few weeks later, Mr M received emails from Lloyds. But he wasn't able to easily access them without a password, and he said he wasn't given this information. Mr M was unhappy with the service he was receiving, and raised a complaint.

Lloyds looking into Mr M's concerns and issued their final response. In this they explained they logged Mr M's chargeback claim on the same day he called them. And during this call their adviser had asked Mr M to send them information to support this claim. Lloyds said they weren't able to continue with Mr M's chargeback claim as they hadn't received the information they'd asked for. While Lloyds didn't think they'd done anything wrong by not continuing to pursue the chargeback, they did acknowledge they should have done more to manage Mr M's expectations. This is because they didn't tell Mr M about the time limit for raising chargebacks during his call with them, and they had continued to ask for information after the time limit had expired. In recognition of their mistakes, they paid Mr M £50 for the inconvenience he would have experienced, and £24 to cover the cost of calls he made to them. Mr M remained unhappy, so he brought his complaint to our service.

Our investigator didn't think Mr M's complaint should be upheld. She said Lloyds weren't able to deal with Mr M's chargeback claim because he hadn't provided the information they'd requested. And as the time limit for raising a chargeback had ended, there was little more Lloyds could do. She also thought Lloyds' £74 offer was fair for the mistake they made by not telling Mr M about the time limit for the chargeback.

Mr M didn't agree with our investigator. He said Lloyds hadn't considered his chargeback properly, as they should have considered it from the perspective that he was defrauded. He also said the information Lloyds had request wasn't reasonable, and he would never have been able to provide it.

Our investigator wasn't persuaded to change her opinion, so Mr M asked for his case to be passed to an ombudsman for a final 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.

Having considered everything, I'm not upholding Mr M's complaint. I know this isn't the outcome he hoped for, but I'll explain my reasoning below.

When considering a chargeback, a bank needs to do so in line with the relevant scheme rules. In Mr M's case, the Visa rules applied, and these say chargebacks need to be raised within 120 days of the disputed transaction. This meant Mr M had until the end of November 2019 to raise his chargeback.

Mr M first contacted Lloyds about his issue with the debt collection company at the end of October 2019. So, he had just under one month to raise his chargeback. During this call Lloyds' adviser explained they would start the chargeback process for Mr M. They also asked him to send them information from his Council that explained they had no record of him owing them a debt. The advisor asked Mr M to provide this information within 14 days and gave him a reference number and email address to use when sending the information. I consider Lloyds' adviser clearly explained what was needed and when. So, I'm satisfied Mr M would have known the next steps when he came away from that call.

It's not unusual for a bank to ask for information to support a chargeback. And given what Mr M had told Lloyds' adviser about his conversation with his Council, I consider the information Lloyds requested was reasonable and logical. I can understand why they would have wanted this information before contacting the bank of the debt collection agency as it would have supported what Mr M had said about not owing the debt he'd paid.

Mr M has confirmed that he didn't send the requested information to Lloyds. He's also told us he feels the request was unreasonable because it's unusual to ask for proof of a debt that isn't owed. But I can't agree with Mr M on this point. I don't consider it would have been impractical or unusual to ask an organisation for written confirmation of what was discussed over the phone – it just so happens to be in Mr M's case that he needed his Council to confirm they'd told him they couldn't find records of any debts he owed. And if his Council had refused to provide this information, I would have expected Mr M to tell Lloyds. But he didn't, so I don't consider it's fair to hold Lloyds at fault for Mr M not providing the information they asked for, by the deadline they'd set.

Mr M has said he wasn't able to open the emails Lloyds had sent him because they required a password, and he didn't have it. The emails Lloyds sent concerned Mr M's chargeback. So, I can understand why it would have been frustrating for Mr M to be unable to read the emails when he was going through the chargeback process. The first email from Lloyds was sent to Mr M in the middle of November. And I can see that he emailed Lloyds back, and explained the problem with the passwords. However, the email outlining this problem was sent to Lloyds after the chargeback time limit had expired. So, even if he had responded with the relevant information after his email, it would have been too late.

Given the limited time Lloyds had to handle Mr M's chargeback, they should have made him aware of the same. Mr M told Lloyds' adviser about the date the disputed transaction took place. So, they had the relevant information needed, in that call, to tell Mr M the latest date they'd be able to raise the chargeback. It was wrong of Lloyds to not share this information with Mr M. I appreciate Lloyds' 14-day deadline for the requested information meant they

would have still had time to raise the chargeback. However, this was reliant on Mr M being able to provide that information on time. Given that he needed to get this information from another organisation, Lloyds should have considered the fact Mr M's Council may not work to the same timescales as them. And without Mr M being aware of the limited time he had, he wouldn't have been able to explain the same to his Council to ensure they did all they could to help him.

I also can't ignore the fact Lloyds chased the requested information after the chargeback deadline had passed. This was the wrong because it would have given Mr M false hope that his chargeback could still be dealt with. Considering this, I think it's only right Lloyds' do something to put things right.

Lloyds' has acknowledged their mistake and offered Mr M a total of £74. Taking everything into account, I consider this offer was fair in the circumstances. It's also in line with what I would have awarded had Lloyds' not already made an offer. I consider this offer is fair because it takes into account the fact Lloyd's didn't give Mr M all the relevant information he needed about making a chargeback. But I can't ignore the fact Lloyds' original deadline to receive the information was still within the chargeback time limits. It also considers Mr M not sending the information they needed, or letting them know why this wasn't provided, at the earliest opportunity.

Following our investigator's view, Mr M said Lloyds used the wrong chargeback codes, and should have dealt with his chargeback as if he'd been defrauded. The chargeback codes used by Lloyds' doesn't change the outcome of this case. The reason Lloyds didn't pursue Mr M's chargeback is because they weren't sent the information they needed within the relevant timeframe. Using a different code, wouldn't have changed this.

For the reasons set out above, I'm satisfied Lloyds' handled Mr M's chargeback claim as I would expect. But they fell short with their communication. However, I consider they've done enough to put things right for this – so I won't be asking Lloyds to do anything further.

### **My final decision**

My final decision is that I'm not upholding Mr M's complaint about Bank of Scotland plc trading as Lloyds Bank.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 10 September 2020.

Sarrah Turay  
**Ombudsman**