

## The complaint

Mrs M complains about how Lloyds Bank PLC handled a claim about a hotel booking made using her credit card.

## What happened

Mrs M's credit card was used to make a hotel booking using an online travel agent ('the supplier'). However, Mrs M says that because of the global Covid-19 pandemic the booking would not have been possible so Mr M (who made the booking) put in a cancellation request.

Mrs M says the supplier said the hotel were willing to offer an open-ended voucher to use in the future as a resolution which was accepted. However, it was later found that the hotel claimed the voucher was time limited and had expired. The hotel then closed down. Mrs M wants a refund for the booking so contacted Lloyds.

Lloyds considered the claim in respect of chargeback and Section 75 of the Consumer Credit Act 1974 ('Section 75'). However, it did not agree to refund Mrs M.

Mrs M was unhappy with this – but Lloyds did not change its position. However, it agreed that it gave her some misleading information about the chargeback time limits and paid her £30 compensation.

Mrs M's complaint came to this service to consider. Our investigator looked at the matter but did not uphold it. In summary, she thought the chargeback was out of time, and there was no valid Section 75 claim in respect of the actions of the hotel. She did not think Lloyds should pay more compensation in the circumstances.

Mrs M maintains she was misled by the supplier about the voucher which has impacted her ability to claim a refund. She also thinks that Lloyds should be paying more compensation for the way it handled things.

I issued a provisional decision on this case. In this I said:

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

*I am sorry to hear what happened with the hotel booking surrounding the events of the global pandemic. However, it is worth noting here that Lloyds is not the supplier of travel services here, so its liability is limited to the specific card protections that are available. In this case these are chargeback and Section 75. So, with this in mind I will go on to consider if it has acted in a fair and reasonable way.*

*Section 75 does not apply here*

*Section 75 means Mrs M is able to make a 'like claim' against Lloyds for breach of contract or misrepresentation (a false statement made prior to the contract being formed which*

*induces a party to enter into a contract they otherwise would not have) by a supplier paid by credit card in respect of an agreement it has with her for the provision of goods or services. However, certain criteria apply to Section 75 in order for it to apply.*

*One of the criteria is that there needs to be a valid 'debtor-creditor-supplier' agreement. However, in this case I don't think there is. I will explain why.*

*In this case the relevant 'supplier' is the booking agent that received the credit card payment (not the hotel). The 'creditor' is Lloyds and the 'debtor' is Mrs M as she is the primary cardholder who has agreed to repay the credit to Lloyds. The issue here is that Mrs M does not have a contractual agreement with the supplier here. It appears Mr M made the booking as shown by the booking confirmation. He is the customer of the supplier and contracting party here – not Mrs M.*

*I have considered whether Mrs M is party to the agreement with the supplier even though she didn't make the booking/appear on the booking documents. But considering the terms and conditions of the supplier I don't think they allow for this. So there is no correct 'debtor-creditor-supplier' agreement for her to have a valid Section 75 claim in relation to the actions of the supplier.*

*It follows that as there is no valid Section 75 claim Lloyds is not fairly responsible for any breach of contract or misrepresentation by the supplier. It is also worth noting that even if Section 75 were to apply here, there is not a clear case of breach of contract or misrepresentation by the supplier in any event.*

### *Chargeback*

*I have also thought about chargeback. Chargeback is not a legal right and the rules are set out by the particular card scheme – in this case Mastercard. I have considered the relevant card scheme rules and additional guidance published in light of the Covid-19 pandemic.*

*There is no requirement for Lloyds to raise a chargeback, but in some circumstances it would be considered good practice to do so. In this case it appears the most appropriate chargeback rule would be that relating to services not being provided.*

*Here I don't think Lloyds were acting unreasonably in not attempting a chargeback. And even if it had done I don't think it likely would have succeeded. I state this primarily because it appears the chargeback was out of time. When Mrs M got in touch with Lloyds the chargeback was out of time based on the requirement it is raised within 120 days of the last anticipated performance date for the particular service. I acknowledge that Mrs M has made a counter argument that the voucher was open ended and therefore extended the chargeback time limits, but the relevant scheme guidance indicates that in these circumstances the chargeback still needs to be made within 540 days from the original transaction date. And in this case it would also be out of time.*

*I note Mrs M has indicated that the supplier made misleading statements about the offer from the hotel which led to her contacting Lloyds later than she would have done. But ultimately, even if I were to accept this I don't think the scheme rules allow extended time limits in these circumstances.*

*Furthermore, even if I were able to accept that the chargeback was in time there are also issues which do not make it a clear-cut case for success in any event. Including whether the service would be considered cancelled by the consumer (therefore not giving any valid chargeback rights here as the booking does not allow for a refund in this circumstance) or*

*not available (due to the circumstances around the pandemic at the time). Along with questions around the nature of the alternative voucher offered and whether its acceptance would have invalidated the chargeback in any event.*

*So ultimately, I don't think it would be fair and reasonable to say that Lloyds should refund Mrs M because of its failure to raise a chargeback here.*

#### **Customer Service**

*Lloyds has already paid Mrs M £30 as it accepts it could have explained aspects of the chargeback rules better. I know Lloyds was ultimately trying to help and I don't think it would have made a difference to whether Mrs M got the money back but I agree it could have explained things better and been clearer about what specific information it needed and why. I also note that Lloyds initially could not identify the original transaction even though it was stated and it put Mrs M to inconvenience by having her clarify - it also appears to have asked her for information she had already provided.*

*Overall, I think £30 is too low for what has occurred here. I consider that £100 is a fairer amount to reflect the distress and inconvenience caused here so Lloyds should pay Mrs M the £70 balance if she accepts my decision.*

#### **My provisional decision**

*I partially uphold this complaint and direct Lloyds Bank PLC to pay Mrs M £70 in compensation.*

Both parties responded to agree with my provisional 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.

As both parties have agreed with my provisional decision I see no reason to alter my findings set out above - which I still consider to be fair and reasonable in the circumstances.

#### **Putting things right**

Lloyds should pay Mrs M additional compensation for its customer service for the reasons set out in my provisional decision.

#### **My final decision**

I uphold this complaint and direct Lloyds Bank PLC to pay Mrs M £70 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 26 December 2022.

Mark Lancod  
**Ombudsman**