

The complaint

Miss A is unhappy with the way Lloyds Bank PLC ('Lloyds') handled her claim for a refund of some payments she made using her Lloyds debit card.

What happened

On 2 November 2021, Miss A used her Lloyds debit card to pay £301.84 for a ticket to a music festival in another country, which was due to take place between 12-18 January 2022. The festival was subsequently cancelled due to the Covid-19 pandemic.

Miss A tried to get a refund from the festival organiser, which I'll call Business 1. As Business 1 didn't give her a refund, Miss A contacted Lloyds on 20 May 2022 to ask it to raise a 'chargeback'. Lloyds applied a temporary credit of £301.84 to Miss A's account on the same day but it didn't raise a chargeback until 8 July 2022.

Business 1 defended the chargeback. It said the chargeback had been raised too late. On 3 August 2022, Lloyds emailed Miss A to say it was 'unable to continue with [her] dispute' because of Visa's time limits. It re-debited the temporary credit on 24 August 2022.

When Miss A complained, Lloyds paid her £25 and apologised for not raising the chargeback sooner, but it otherwise didn't uphold her complaint.

Miss A then referred her complaint to our service. As well as complaining about the way Lloyds handled this claim, she also complained about the way Lloyds handled a separate chargeback claim that she made on 12 May 2022. This claim was for a payment she'd made to an airline for an extra cabin bag – she said she didn't get the refund she was due.

One of our investigators didn't think Lloyds needed to take any further action.

Miss A asked that an ombudsman make a final decision.

I issued a provisional decision on 11 December 2023, which included the following provisional findings:

A 'chargeback' is a way for a debit card provider to reclaim money from the supplier's bank when a consumer doesn't get the goods or services she paid for. It isn't a legal right and there's no guarantee the card provider will be able to recover the money this way. The process is subject to the rules of the scheme – which, in this case, are set by Visa – and a strict criteria and time limits apply. To be clear, Lloyds doesn't set the rules and I can't change them.

I'll consider the claims in chronological order.

The claim made on 12 May 2022

On 12 January 2022, Miss A paid the airline £70. On 13 January 2022, Miss A paid the airline another £70 – but she received a refund of £70 from the airline on the same day.

Miss A says the payments were for an extra cabin bag, and that an employee of the airline told her she'd receive a refund of both payments. As she didn't, she asked Lloyds to raise a chargeback for the £70 payment that wasn't refunded.

I can see from Lloyds' system notes that Miss A asked Lloyds to raise this chargeback on 12 May 2022. The notes say: '[Customer] paid for 2 cabin bags. I (sic) got refund for one but not for the bag on the return flight.' Lloyds applied a temporary credit of £70 on 25 May 2022.

It's not clear to me what happened next. Lloyds says it raised the chargeback but it can't tell me more. It has, however, provided a copy of a letter it sent Miss A on 6 June 2022. The letter says: 'Having reviewed your account, I can see you received a credit from the retailer of £70 on 13/01/2022'. It then says Lloyds will remove the temporary credit and invites Miss A to get in touch if Lloyds can be of any further assistance.

Lloyds says Miss A didn't respond to this letter. Miss A says she contacted Lloyds and it told her to call the airline, which she says she did. She says the airline told her it was too late to get a refund.

Regrettably, on the available evidence, I don't know if Miss A responded to the letter or, if she did, what she or Lloyds said. I'm therefore unable to say that Lloyds did anything wrong.

The claim made on 20 May 2022

It's accepted that Miss A asked Lloyds to raise the chargeback on 20 May 2022, and that the music festival was supposed to take place between 12-18 January 2022.

Visa's rules say a chargeback must be initiated within 120 days of the last date that the consumer expected to receive the service. I know it's only a matter of days, but unfortunately this means that when Miss A asked Lloyds to raise the chargeback it was too late.

I appreciate that Miss A says she went to a branch of Lloyds approximately a month after the festival was cancelled to ask for help and it recommended she wait to see if she got a refund from Business 1. At that point, I don't think this advice was inappropriate. After all, a consumer must first try to resolve the dispute with the supplier before raising a chargeback. However, I would expect a firm that tells a consumer to 'wait and see' to also explain the time limits that apply to a chargeback claim. On the limited information that's available to me, I can't say that Lloyds didn't do this, or otherwise fell short on this occasion.

That said, Lloyds fell short in other ways.

First, although Miss A asked it to raise a chargeback on 20 May 2022, it didn't do so until 8 July 2022 – almost 50 days later. Lloyds hasn't explained the delay.

Second, Miss A says that when Lloyds applied the temporary credit of £301.84 on 20 May 2022, it told her that the supplier had 45 days to respond, and if it didn't, that would be the end of the matter – or something to that effect.

I asked Lloyds to send me all the correspondence it sent Miss A from 20 May 2022 (when she raised the chargeback) until 24 August 2022 (when it re-debited the temporary credit). It sent me the final response letter it sent Miss A on 9 February 2023 and the email it sent her on 3 August 2022, which said Lloyds was unable to continue her claim. It didn't send me any other letters or emails about this particular claim, and it said any text messages it sent Miss A were no longer available.

As Lloyds can't show me what it told Miss A when it applied the temporary credit, I accept what Miss A says – which reflects what I've seen in similar complaints.

And having led Miss A to believe that the temporary credit of £301.84 would be permanent after 45 days, I can only imagine her surprise and disappointment when, 80 days after making the claim, Lloyds emailed her to say it was going to re-debit the temporary credit – especially as it doesn't seem to have kept her updated or managed her expectations in the meantime.

I appreciate that Lloyds has already apologised and paid Miss A £25. But given the mistakes it made and the trouble and upset those mistakes caused Miss A, I think it should pay her an additional £125.

Lloyds has confirmed that it's received my provisional decision and it says it has nothing to add.

Miss A has asked me to consider two additional points.

First, in relation to the claim made on 12 May 2022, she's clarified that on receipt of the letter from Lloyds dated 6 June 2022, she went into a branch of Lloyds. She says she was told it wasn't Lloyds' job to refund the money and she'd have to speak to the airline.

Second, in relation to the claim made on 20 May 2022, Miss A says she thinks she was treated unfairly. Specifically, she says Lloyds should have clarified Visa's rules for her, and she says Lloyds didn't email her or send her a letter to say it was going to re-debit the temporary credit. Miss A says she only found out when she checked her account for other reasons.

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.

I've carefully considered Miss A's additional comments, which I'll address in turn.

First, in my provisional decision, I said Miss A had told us that she'd contacted Lloyds after she received the letter dated 6 June 2022. Miss A has clarified that she actually went into a branch. I appreciate that Miss A has told me what she remembers about this conversation, but without knowing exactly what was said, I don't think I can safely say that Lloyds did anything wrong on this occasion.

Second, Lloyds has provided a copy of an email it sent Miss A on 3 August 2022. This says: 'If we don't hear from you within 10 working days, we'll try to take back the payment we made into your current account when we raised your concern.' I've checked and it was sent to the same email address we have for Miss A. I'm therefore satisfied that Lloyds emailed Miss A to tell her it was going to re-debit the temporary credit.

However, I agree that Lloyds could and should have explained and followed the chargeback process better. This is why I said I was minded to tell Lloyds to pay Miss A an additional £125 when I issued my provisional decision. Having considered everything afresh, including Miss A's additional comments, I still think that's fair compensation in this case.

My final decision

For the reasons given, I uphold this complaint and direct Lloyds Bank PLC to pay Miss A

£125.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 14 February 2024.

Christopher Reeves
Ombudsman