

## **The complaint**

Miss H complains about how Lloyds Bank PLC (“Lloyds”) handled a chargeback.

## **What happened**

In July 2023, Miss H asked Lloyds to raise a chargeback for her in respect of a £30.30 charge levied by a hotel on her Lloyds credit card. Miss H says she checked out of the hotel on the understanding that there were no outstanding charges, and the hotel hadn’t given her a receipt showing that there were any. Miss H says she e-mailed the hotel about the charge, but they didn’t reply to her.

Miss H says Lloyds sent her generic messages asking her to upload information such as check out documents, a receipt for the charges and proof of the hotel communicating with her. She says she repeatedly told Lloyds that the hotel hadn’t replied to her, and that she had no receipt as no receipt was given to her.

Lloyds raised a chargeback and temporarily credited Miss H’s account with £30.30. However, the hotel defended the claim. They sent Lloyds a copy of an invoice for the £30.30 charge, which was broken down as: accommodation service charges of £9.44 and £10.36, a charitable donation of £1, and mini bar snacks of £4.50 and £5. They also sent Lloyds a document with Miss H’s signature setting out their terms and conditions which permitted them to pre-authorise her credit card upon check-in and that all charges incurred during her stay had to be settled upon check-out.

Lloyds say they asked Miss H to provide further detailed comments about the evidence the hotel had sent and say she didn’t provide additional supporting evidence on her claim. So, Lloyds didn’t pursue the chargeback any further and re-debited £30.30 to her account.

Miss H complained to Lloyds, but they declined it. So, she referred the matter to us. One of our investigators considered Miss H’s complaint but didn’t recommend that it should be upheld. She said, in summary, that Lloyds hadn’t made any errors as there was no evidence to show that Miss H was due a refund, or to show that the items she’d been charged for were incorrect.

Miss H didn’t agree. She said Lloyds communicated with her poorly and didn’t send her proof of the receipt by e-mail. This meant she missed the chance to question the charges and for the chargeback to have been pursued further.

Miss H asked for an ombudsman’s decision, so her complaint has been passed to me to review.

## **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.

A chargeback is the process by which payment settlement disputes are resolved between

card issuers and merchants, under the relevant card scheme rules. What this means here is that Lloyds can in some circumstances ask for a transaction to be reversed. But the chargeback process doesn't give the consumer legal rights and it isn't guaranteed to result in a refund. It depends largely on what the merchant says in response to the request the bank submits.

There first must be a right to apply for a chargeback under the card scheme rules. And I'd consider it to be good practice for Lloyds to raise a chargeback if it has a good chance of being successful. It's important to note that chargebacks are decided based on the card scheme rules, not the relative merits of a cardholder/merchant dispute. So, it's not for Lloyds, or me, to decide whether Miss H should get her money back because of what the merchant did or didn't do. Lloyds should raise the appropriate chargeback and consider whether any filed defence complies with the relevant chargeback rules.

Lloyds raised a chargeback for Miss H, and the merchant defended the claim. And the merchant's defence was enough to mean the chargeback for that claim didn't succeed. Where the merchant challenges a chargeback, a bank doesn't have to carry out a detailed investigation into what happened to decide which party deserves the money. In fact, many banks won't take a chargeback any further if it's defended.

I note that Miss H has said that Lloyds didn't give her a chance to send any further evidence to them once the merchant had defended the chargeback. However, even if that were the case, I've not been persuaded that Miss H would have provided sufficient evidence for Lloyds to have considered pursuing the chargeback further. I say this noting that it likely would have been difficult for Miss H to send reasonable proof that she wasn't liable for a charge that she says she had no knowledge of and wasn't liable for. But the merchant did send evidence that Miss H was liable for the charge. I can't say therefore that Lloyds acted incorrectly by not pursuing the chargeback any further. It wasn't the case that the merchant's defence was noticeably poor or lacking in credibility. And I don't think the evidence Miss H had submitted to Lloyds, or likely could have submitted, was enough for Lloyds to think (or to have thought) differently.

I appreciate that Miss H feels otherwise. However, overall, I'm satisfied that Lloyds dealt with her chargeback claim reasonably and didn't likely prevent this from being successful after it was defended by the merchant.

### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 23 August 2024.

Daniel Picken

**Ombudsman**