

## The complaint

Mrs O complains that Lloyds Bank PLC unfairly declined her chargeback for a car she bought using her Lloyds Bank debit card.

## What happened

Mrs O acquired a used car costing £4,300 using her Lloyds Bank debit card. She says she used the car for four weeks and drove less than 100 miles before there were issues. She paid for the issues to be investigated and says that faults were identified. She contacted the dealer to say the faults needed to be rectified but it refused to accept responsibility for the issues. Mrs O contacted Lloyds Bank to raise a chargeback as the car wasn't fit for purpose. Mrs O said she lodged her chargeback on 17 July 2023, which was within the 120 days' time limit and then sent in the requested information. However, she was told on 23 August that her chargeback was out of time. Mrs O disputed this, and her claim was resubmitted. She then didn't hear any response and when she contacted Lloyds Bank, she was told her claim was out of time.

Lloyds Bank issued a final response letter dated 15 December 2023. It said that Mrs O's chargeback claim was raised on 26 July 2023, and it explained that it needed further information. This was provided on 7 August 2023 but the last date a chargeback could be raised was 28 July 2023.

Mrs O didn't accept that her chargeback was raised out of time. She said she raised her complaint with the dealer 75 days after purchase and her chargeback 110 days after purchase. She referred her complaint to this service.

Our investigator didn't uphold this complaint. She said that the chargeback rules aren't set by Lloyds Bank but the card issuer and in this case the rules allow 120 days for a chargeback to be raised. Mrs O raised her chargeback on 26 July and our investigator thought it reasonable that Lloyds Bank requested the evidence it did. However, as this wasn't provided until August 2023, more than 120 days after the car was purchased, she didn't think that Lloyds Bank was wrong not to raise the chargeback.

Mrs O didn't agree with our investigator's view. She said she made the chargeback claim on 17 July 2023 and this was incorrectly rejected. She said that the delay in the completion of the chargeback was due to Lloyds Bank's failures. Mrs O also said that she wasn't told of the urgency for getting the evidence to Lloyds Bank. She said that had she known this she would have ensured that the documents were provided in time.

Our investigator responded to Mrs O's comments. She said that Lloyds Bank had acknowledged the chargeback was first raised on 17 July 2023 and that incorrect information was provided and had offered to pay Mrs O £150 because of this error. She thought this was reasonable. Our investigator then considered whether a successful chargeback could have been raised but didn't think this was the case in regard to Mrs O's car. She said the only reasonable claim code would be '*goods and services not as described*' but said that Mrs O had seen the car at purchase and there was nothing to show it wasn't as described. As the car was bought using a debit card rather than a credit card, she couldn't consider a claim

under section 75 of the Consumer Credit Act 1974.

Mrs O didn't agree with our investigator's response. She said that the car wasn't fit for purpose, and she acted within the required timeframe for a chargeback to be made. She didn't accept that £150 compensation was reasonable given the costs involved.

### **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.

Mrs O bought a used car and experienced issues within the first few weeks. After investigation, faults were identified, and Mrs O said the car wasn't fit for purpose. While I can understand how upsetting this experience has been for Mrs O, this complaint isn't about the underlying goods provided by the dealer but instead whether Lloyds Bank acted fairly and reasonably in response to her chargeback request.

As has been noted by our investigator, Mrs O bought the car using her debit card, rather than through finance or using a credit card. Because of this the Consumer Credit Act 1974 isn't relevant in this case and a claim cannot be raised against Lloyds Bank under section 75. Therefore, I am only considering Lloyds Bank's actions in response to the chargeback.

Mrs O bought a car on 29 March 2023. She used the car for a few weeks and during this period the engine light appeared. She paid for investigation work costing £276.30 on 27 May 2023. As our investigator has explained, the chargeback rules are set by the scheme operator, in this case Visa. Under the Visa rules a chargeback can be raised if the goods or services supplied were either not as described or defective. Mrs O's claim was that the car was faulty and so I find this would be the appropriate claim reason.

When considering a claim for defective goods, a dispute must be raised within 120 days of either the transaction processing date or when the cardholder received the goods. Mrs O bought the car on 29 March and her bank statements record the transaction on 30 March 2023 and so I agree with Lloyds Bank that the dispute needed to be raised by 28 July 2023. Mrs O says that she raised her chargeback request within the required timeframe but wasn't given correct advice on the first call and then wasn't told when information needed to be provided by. Lloyds Bank has said that it didn't have the information needed to raise the chargeback until 7 August 2023 which was outside of the chargeback timeframe.

I have considered the timings involved in this case and can see Mrs O first called Lloyds Bank on 17 July 2023 to say that the car she had bought was faulty and that the merchant that supplied the car had refused to help. She said at this time that she didn't want to give the car back but have the cost of repairs covered. Mrs O was told at this point that a dispute couldn't be raised as the car was sold as seen. While I note the comment about Mrs O accepting the car at the point of sale, I think that Lloyds Bank should have done more at this time to understand the dispute and request any further information needed to assess whether a claim for defective goods could be made.

When Mrs O called Lloyds Bank on 26 July 2023, she was told that a dispute could be raised and was asked to provide further evidence. She wasn't given the timescales for when this was required and given the 120 days ended on 28 July 2023 (or 27 July if the transaction date was used) I find it would have been reasonable to explain the urgency of providing information. However, this wasn't explained and by the time Mrs O provided the requested evidence, it was too late for a chargeback to be raised.

I find it reasonable that further evidence was requested before Lloyds Bank submitted a

chargeback claim and I agree that this was provided too late and so the chargeback couldn't be raised. However, given when Mrs O first made contact and that she wasn't given the information about the timings, I do not find she was provided with the service she should have been. While Lloyds Bank offered to pay Mrs O £150 because of the service issues, I have considered what would most likely have happened had Mrs O been provided with the service she should have.

In this case, I do not find it unreasonable to accept that had Mrs O been told on the call on 17 July 2023 to provide further information for a dispute to be raised and when this was needed by, that she could have provided this before the 120 days had expired. However, looking at the evidence provided, including the car being sold as seen, the repair information and Mrs O saying she didn't wish to return the car, I find, on balance, that it wouldn't have been unreasonable for Lloyds Bank not to have pursued the claim due to it being unlikely to succeed. Therefore, while I agree the service provided wasn't what it should have been, in this case, I do not find that this changes the likely outcome to the chargeback.

Therefore, I have considered whether the £150 compensation offered in this case is reasonable given the upset Mrs O was caused by being given different advice on the calls and then being asked to provide information without being given the timeframe, only to then be told she had provided this too late. Taking this all into account, I think the £150 offered is reasonable.

### **My final decision**

My final decision is that the offer made by Lloyds Bank PLC to pay Mrs O £150 compensation is reasonable. This should be paid to Mrs O (if this hasn't already happened).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 31 December 2024.

Jane Archer  
**Ombudsman**