

The complaint

Mrs S complains that Lloyds Bank PLC did not handle her chargeback request properly.

What happened

On 14 September 2023 Mrs S ordered an electric bike from a retailer ("the Supplier") at a cost of £895. It was delivered on 15 September and Mrs S says she couldn't attach a pedal and contacted the Supplier. She was advised to take it to a local shop and I understand it was attached. Mrs S next contacted the Supplier on 4 November 2023 to say the bike wasn't working and she needed it urgently.

The next day the Supplier asked for a number of photos so it could raise a warranty claim with the manufacturer. The bike was returned and the Supplier contacted Mrs S to say several parts were missing. It also said there was a fault which it would repair.

Mrs S asked for a refund as she was returning the bike within 90 days. The Supplier said that the 90-day refund policy only applied to a change of mind and the bike would have to have been in a saleable condition. The bike was repaired prior to 14 December, but Mrs S said she didn't want it and she explained she had bought a replacement.

The Supplier refused to provide a refund and so Mrs S contacted Lloyds. It raised a chargeback on 5 December 2023. It also temporarily credited Mrs S' account with £895. The bank received a challenge from the Supplier. Lloyds told Mrs S that the chargeback had not been successful. It also gave her the reasons why the Supplier had challenged the chargeback.

Mrs S brought a complaint to this service where it was considered by one of our investigators. He explained that he was only able to consider the complaint against Lloyds and its handling of her request for a chargeback. He noted that Lloyds was also considering a possible Section 75 Consumer Credit Act 1974 ("CCA") claim and if Mrs S wished she could raise a separate complaint about this.

Our investigator obtained information from Lloyds and concluded it had not done anything materially wrong in its handling of the chargeback and so he didn't recommend the complaint be upheld. Mrs S didn't agree and reiterated her view that the bike was faulty and she should not have to pay for it.

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 appreciate Mrs S' strength of feeling, but I must reiterate what our investigator has said, I am not considering the merits of her claim against the Supplier. Rather, I am addressing her complaint about how Lloyds handled her chargeback request. Her claim under Section 75 CCA is a separate matter and if she complains to Lloyds about this and is unhappy with its response she can bring a separate complaint to this service. For clarity I should explain that

under Section 75 the consumer has an equal right to claim against the provider of the credit or the retailer providing the goods or services, if there has been a misrepresentation or breach of contract on the supplier's part.

It may help if I explain the chargeback system. Chargeback doesn't mean there is joint liability on the card company. It is a voluntary scheme administered by the card provider, not Lloyds. The consumer makes a claim to their bank and it puts a request to the merchant's bank. But there are no guarantees the consumer's bank will be able to recover the money through chargeback, or that the merchant will accept that the claim is justified.

Mrs S contacted the bank and it asked a number of questions to establish what happened. it then submitted a chargeback to the Supplier's bank without delay. The Supplier contested the claim and with the information Lloyds had it decided there was no basis for resubmitting the chargeback.

As I have explained chargeback is voluntary and while I would expect any bank to make one in a case like this it has no control over the decision. It cannot enforce the claim. Lloyds presented details of the events as provided by Mrs S and the Supplier disagreed.

I have considered the defence put forward by the Supplier. It supplied its terms and conditions and having reviewed the events as set out in the exchange of emails provided by Mrs S I can see that the Supplier had a defence against the chargeback. In the circumstances I do not think it would have been reasonable to expect the bank to represent the chargeback. If it had done so I believe the Supplier would have continued to resist the claim.

In summary I do not think the bank did anything wrong in its handling of Mrs S' request. Again, I would remind Mrs S that this decision is not about the claim against the Supplier.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 26 November 2024.

Ivor Graham
Ombudsman