

The complaint

Mr B complains that Lloyds Bank PLC failed to properly pursue a chargeback claim.

What happened

In late 2023 Mr B made a successful bid at an auction and paid a deposit to the auction house of £600. Mr B says he paid the seller the purchase price, but the seller said they did not receive the payment and so the item was sold elsewhere. Mr B says he reclaimed his payment to the seller, but the auction house didn't return his deposit.

He contacted Lloyds on 12 October 2023 to raise a dispute for goods not received. Lloyds provided a temporary refund and raised a chargeback. The auction house disputed the chargeback and the bank said it would look at it again if there was new information Mr B could provide. Mr B sent this using a different email address and the bank could not verify it was from him. It contacted him and asked that he call to allow it to explore any further action which might be appropriate. However, the date to dispute the declined chargeback passed and the bank was unable to take any further action.

Mr B complained and Lloyds rejected his complaint, but did accept a member of staff had not been empathetic and gave him £40 compensation. Mr B brought a complaint to this service where it was considered by one of our investigators who didn't recommend it be upheld.

Mr B didn't agree and said he had notified Lloyds of his new email address by phone in May 2023. Our investigator asked Lloyds if it had a record of this and it sent its internal record which showed no contact from Mr B at this time. He also explained that the seller had been slow to respond and once he had been given the seller's bank details he arranged payment within 10 minutes.

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 have every sympathy with Mr B but I do not consider I can uphold his complaint. I will explain why.

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, in this case Visa, 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.

Lloyds submitted a chargeback immediately it received a request from Mr B. It put the information Mr B had supplied to the payee's bank. That was shared with the auction house which disputed the chargeback. It said Mr B had not complied with its terms and conditions. It is quite common for the payer's bank to end the process at this stage since the likelihood

of success is usually small. However, Lloyds asked Mr B if he had any additional information which he thought might assist his case.

He believed he had and submitted that using an email address which the bank did not have on record. As such it could not verify the authenticity of the information and so it tried to contact Mr B. However, the time limit for challenging the push back by the auction house had passed.

I have reviewed the bank's records and I can see no trace of any record of a call by Mr B to update his account records with his email address. It is possible that the call was made and the records were not updated but I do not consider I can safely conclude that the bank made a mistake based on the evidence I have seen.

Even if it had been able to act on the further material submitted by Mr B I think it is reasonable to believe the auction house would have pushed back a second time and Lloyds may well not have considered that there were sufficient grounds to make an appeal to Visa.

As our investigator has pointed out chargeback is a voluntary regime and the bank is not obliged to process claim if it doesn't consider it has merit. In this case Lloyds did act and regrettably it was not successful. I cannot conclude that it did anything materially wrong.

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 Mr B to accept or reject my decision before 3 December 2024.

Ivor Graham
Ombudsman