

The complaint

Mr A complains that Lloyds Bank plc (Lloyds) didn't uphold his chargeback request. He would like the deposit he was claiming back refunded.

What happened

The details of this complaint are well known to both parties so I won't repeat them again here, instead I will focus on giving the reasons for my decision.

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.

Having done so I have reached the following conclusions: -

- I appreciate Mr A's frustration at losing a deposit when a tenancy agreement he wanted to take out failed. Lloyds considered a chargeback request on Mr A's behalf which was the correct thing to do.
- I should explain that the chargeback scheme is a voluntary one where, in certain circumstances, Lloyds can reverse a transaction if there is an issue with goods or services and it feels the claim has a strong chance of success. However, putting in a claim doesn't automatically mean that refunds for disputed transactions will be made as merchants can defend claims. The scheme is also bound by a strict set of rules which merchants and financial institutions must abide by.
- I have seen from Lloyds notes that when Mr A put in his claim, he said he cancelled the tenancy application himself as there were 'delays and errors in referencing'. The merchant responded to Lloyds saying the tenancy didn't go ahead due to issues with the credit information provided. I have seen the information provided by the merchant including its terms and conditions. These confirm that either of these reasons would result in the holding deposit will not being refunded. So, I think Lloyds was correct in not upholding Mr A's chargeback request as the merchant had followed its own terms and evidenced Mr A was aware of these.
- I appreciate Mr A has since explained that some data on his credit file was incorrect. However, he didn't supply evidence of this at the time his dispute was put by Lloyds to the merchant. Lloyds gave Mr A a deadline to respond back with any comments on the merchant's response. There was some issue with Mr A getting this email from Lloyds so I can't be entirely sure Mr A had the 10 days Lloyds gave him to respond. However, having seen the email Mr A did eventually send this made no reference to incorrect credit file information. So, Lloyds couldn't reasonably have taken this into account. By the time Mr A did raise this issue it was too late for Lloyds to put this information to the merchant as the chargeback scheme has strict rules for response times which Lloyds must abide by.

- As the merchant correctly applied its terms and conditions, and new information that may or may not have affected Mr A's claim was submitted too late to be considered I think Lloyds were correct in declining Mr A's chargeback request. On this basis I can't reasonably ask Lloyds to refund the deposit Mr A lost as he would like.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 27 February 2025.

Bridget Makins
Ombudsman