

The complaint

Mr S complains that Lloyds Bank PLC hasn't refunded a payment he made. Mr S is represented in this complaint, but for ease, I'll refer only to Mr S throughout.

What happened

In December 2021, Mr S paid £4,650 to a service provider (who I'll refer to as "M") using his Lloyds debit card. The service M had agreed to provide was to release Mr S from a liability he had with a timeshare company. The contract Mr S entered into with M said that M would release Mr S from his timeshare liabilities within six months.

Mr S says he attempted to cancel with M within a few days of signing the contract, but he says he was told over the phone this wasn't possible. He then contacted Lloyds in 2022 to ask it for assistance in getting his money back. Lloyds asked for some further information before it could assist. However, it said that Mr S did not respond to its requests for information until around a year later, by which time it was too late attempt to recover a refund through the chargeback process.

Mr S didn't agree he was out of time for a chargeback to be attempted. He said the rules allowed him up to 540 days from the date of the transaction. He said that in any event he had first contacted Lloyds within a matter of weeks of entering into the contract with M.

Our investigator didn't recommend the complaint be upheld. She didn't think Lloyds had acted unfairly in not providing a refund to Mr S. She was satisfied that Lloyds had followed the correct process regarding the chargeback.

Mr S didn't agree, so the complaint has been passed to me for a final 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.

A chargeback provides a mechanism through the relevant card scheme for Lloyds to ask for a payment Mr S made to be refunded, but only in a limited set of circumstances. What circumstances apply are set out in the relevant card scheme rules. A chargeback doesn't guarantee a refund. A chargeback can be defended by the merchant in line with the scheme rules.

Lloyds isn't obliged to carry out a chargeback just because a consumer asks it to. However, I would consider it good practice for it to do so where a chargeback right existed and there was a reasonable prospect of the chargeback succeeding.

Mr S says M did not provide the services it had agreed to do. The most appropriate chargeback dispute rules for Lloyds to have considered would therefore have been either "Merchandise/Services Not Received" or "Misrepresentation". However, in both instances the maximum timeframe to raise a chargeback was 120 days from the date the services

were received or expected to be received.

While there is an overall maximum of 540 days from the original transaction date, this is not a time limit to be read or treated in isolation. The 540 days applies in conjunction with the 120 day limit. This means that any chargeback needs to be made within 120 days of the transaction or date of services *and* 540 days from the transaction, not one or the other.

Further, in order for the chargeback to have any prospect of success, Lloyds would have needed to submit further information through the card scheme. It attempted to get this information from Mr S in early 2022. However, from everything I've seen, Mr S did not provide the requested information. I therefore don't think Lloyds acted unfairly in not processing the chargeback at that time as it would not have had any reasonable prospect of success.

M set out in its contract with Mr S that it would provide him with the promised services within six months. Therefore, at the time Mr S was in discussion with Lloyds in early 2022, which was up to and including April 2022, M was still within its promised six month window to provide the services to Mr S. It follows that had Lloyds attempted a chargeback anyway at that time it would likely have had no reasonable prospect of success for this reason too.

Mr S doesn't appear to have got in contact with Lloyds again until around a year later, this was significantly longer than 120 days after the promised six month timeframe that M had set out in its contract. I'm therefore satisfied that a chargeback would have had no reasonable prospect of success in 2023 when Mr S got back in touch with Lloyds. This is because it was too late to process a chargeback.

Mr S says that Lloyds should have attempted a chargeback under the "card absent" rule. However, this rule appears to apply to disputes where Mr S didn't authorise the payment. It doesn't appear to be in dispute that Mr S did authorise the payment so there would have been no reasonable prospect of success had Lloyds attempted a chargeback under this rule.

I've also considered other chargeback rules that might have applied to Mr S' transaction given he says he tried to cancel within days of entering the contract. However, I've not seen that he provided persuasive enough evidence to Lloyds of any attempt to cancel within the first 14 days (or evidence of M's refusal to allow cancellation) to have made any chargeback likely to succeed.

Overall, I've not seen anything to persuade me that Lloyds has acted unfairly or unreasonably in not processing a chargeback.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 17 March 2025.

Tero Hiltunen
Ombudsman