

The complaint

Miss K complains Lloyds Bank PLC didn't do enough to help get a refund for transactions made on her debit card.

What happened

In April 2024, Miss K made two orders online to a company I'll call "B", paying via her Lloyds debit card. Miss K says the goods never arrived and that she was unsuccessful in trying to resolve the issue with B.

Miss K therefore submitted a chargeback for the two transactions to Lloyds. This is a process of asking the merchant (B) for a refund, through rules set out by the card scheme provider, Visa in the circumstances.

B defended the chargeback, which is to say it didn't agree a refund was due. It said the goods had been delivered to the correct address.

Having received further evidence from Miss K, Lloyds escalated her dispute, in a process known as pre-arbitration. B again defended the chargeback; it said an email Miss K had provided saying she was due a refund appeared to have been mis-translated and provided a copy of the original email, in which B said it would refund the cost of a pallet, that hadn't been used for the delivery.

Considering all the evidence, Lloyds decided it wasn't possible to dispute the transactions further, so closed the chargeback in B's favour. It then said it was out of time to challenge the matter further.

Miss K complained. She was unhappy about the outcome of her chargeback and the service Lloyds had provided throughout. Miss K said Lloyds hadn't sent her a copy of B's defence, and the chargeback failed because Lloyds hadn't met Visa's timescales.

Lloyds doesn't agree it's done anything wrong. It says B provided evidence to show it had delivered the goods, so based on all the evidence it wasn't able to challenge the chargeback further.

Unhappy with Lloyds' response, Miss K referred her concerns to our service. One of our Investigator's looked into things and thought Lloyds had acted reasonably, so didn't think it needed do anything further.

Our investigator said Lloyds raised the chargebacks as expected. As B continued to defend the matter, Lloyds had considered all the evidence before deciding not to take matters further, which was reasonable. Our Investigator said the chargeback wasn't successful as Lloyds didn't think it had enough to successfully refer the dispute to arbitration, rather than because it ran out of time.

Miss K disagreed with our Investigators conclusions. She said Lloyds had been inconsistent in its reasoning on why her chargeback failed and that Lloyds hadn't provided a copy of B's defence for her to review.

As the matter wasn't resolved, the complaint has been passed to me to decide.

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'm looking here at the actions of Lloyds and whether it acted fairly and reasonably in the way it handled Miss K's request for help in getting her money back. This will take into account the circumstances of the dispute and how the merchant (B) has acted, but there are other considerations, such as the card scheme rules, which Lloyds must follow and its own obligations.

Miss K paid using her debit card. This meant the only realistic option available to Lloyds to get her money back was to engage with a process known as chargeback.

The chargeback process provides a way for Lloyds to ask for a payment its customer made to be refunded. Where applicable, it raises a dispute with the merchant and effectively asks for the payment to be returned to the customer. There are grounds or dispute conditions set by the relevant card scheme, Visa in the circumstances and if these are not met, a chargeback is unlikely to succeed.

The process provides an opportunity for a merchant to provide a defence to the chargeback and its own evidence in support of that defence. If the merchant continues to defend the chargeback, Lloyds can either accept that defence, or it can ask the card scheme to decide who gets to keep the money – usually referred to as arbitration.

It's important to note, in this decision, it's not for me to decide the outcome of Miss K's chargeback, rather my role is to consider whether Lloyds acted reasonably, considering its responsibilities in the chargeback process.

Lloyds raised the dispute to support Miss K and escalated it to pre-arbitration. So, my decision focuses on whether Lloyds acted reasonably having received B's second defence.

As B continued to defend the chargeback, the only option left available to Lloyds would have been to refer the matter to arbitration, where the outcome of the dispute would be decided by the card scheme – Visa.

I would only expect Lloyds to refer a dispute to arbitration, if it was confident it would succeed and that the evidence supported its customer position against the scheme rules.

In the circumstances, while I appreciate this answer may come as a disappointment to Miss K, I think Lloyds acted reasonably in deciding not to refer the dispute to arbitration. Although Miss K had been clear about the basis of her chargeback, B had provided evidence challenging her version of events. When considering all this evidence against the card scheme rules, Lloyds wasn't confident the dispute would be settled in Miss K's favour.

In B's defence, it provided evidence it delivered the items to the correct address. B also said an email Miss K had provided saying B had agreed to a refund, was incorrectly translated. B provided a copy of the email, which didn't say it was agreeing a full refund was due, rather

said it would refund the cost of a pallet that wasn't used to deliver the goods, which it had then credited to Miss K's account.

Lloyds considered the evidence provided by both parties against the card scheme rules, as I'd expect, before deciding not to challenge the transactions further. Lloyds made this decision as it wasn't confident that the chargeback would be successful if it went to arbitration, so closed the dispute.

I note Miss K has raised concerns Lloyds didn't provide a copy of B's second defence, meaning she didn't have an opportunity to review or challenge it. I can see Lloyds sent the information to Miss K twice, but she'd made it clear she wasn't able to access it.

I've therefore considered whether this led to a loss for Miss K. In doing so, like our Investigator, I haven't found that it did. While I note it may have been frustrating to Miss K not to be able to access the evidence, I'm not aware of anything Miss K would have been able to provide to refute what B was saying.

B's defence was that it had delivered the goods and had never said it would refund the full amount, rather only the cost of a pallet and had provided evidence to support this. While I note Miss K may disagree with B's response, Lloyds now had two versions of events with evidence supporting both.

So, while I appreciate it was likely frustrating to Miss K that she couldn't review B's defence at the time, I haven't found this had an impact on the outcome of her chargeback.

Miss K also raised concerns that Lloyds failed to act in time, meaning it was outside Visa's time limits. Having considered this point, I haven't found that to be the case, although I acknowledge Lloyds could have been clearer in the language it used.

Lloyds wrote to Miss K on 23 September 2024, to explain that; it had now removed a temporary credit for the disputed amounts from her account, the chargeback had been closed, and it was out of time to dispute it further. I don't think this was an admission that it had made an error, rather Lloyds was confirming the process had come to an end.

I note Lloyds sent Miss K further emails such as on 22 January 2025, saying it wasn't possible to move forward as it was now out of time. While this is what Lloyds stated, having reviewed all information submitted, I'm satisfied Lloyds didn't refer Miss K's dispute to arbitration after considering the evidence available, rather than because it ran out of time.

In conclusion, while I acknowledge Lloyds could have been clearer in its explanation on why Miss K's chargeback hadn't been successful, I'm satisfied it acted fairly against its obligations. Lloyds raised the chargeback and escalated the disputes to pre-arbitration. B continued to defend the transactions, having considered all the information Lloyds decided not to refer the matter to arbitration, which was a decision it was entitled to make, and I find reasonable in the circumstances. As a result, I won't be asking Lloyds to do anything further in relation to this complaint.

My final decision

For the reasons I've set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 23 July 2025.

Christopher Convery
Ombudsman