

## **The complaint**

Mr C complains about the outcome of a claim he made to Lloyds Bank PLC ("Lloyds") for a sofa he purchased using his credit card.

## **What happened**

In 2024, Mr C purchased a two-seater sofa from a company I'll call 'N' using his Lloyds credit card. Mr C paid N a total of £1,350 which constituted the £1,165 cost of the sofa and a delivery charge of £185.

Mr C says the sofas were wet when they were delivered, and that N hadn't taken any steps to protect them. Mr C also says that he noticed there was a large scratch on one of the sofa arms after the delivery team had left.

Mr C called N, but says they didn't help him or deal with the matter in a satisfactory way. He says N told him that he had more than 20 minutes to inspect the sofa before he accepted its delivery, which wasn't true. He also says N told him that the delivery hadn't in fact been arranged by them, so any dispute about the delivery rested with the delivery company. And Mr C says N told him that he'd signed documentation essentially agreeing that he was aware that the sofas were damaged.

Mr C then contacted Lloyds for help as he wanted a full refund. Lloyds considered a claim for him under Section 75 of the Consumer Credit Act 1974 (s.75). However, they declined this for a couple of reasons. Lloyds didn't think that Mr C had shown enough evidence that the sofas didn't have any scratches on them when he saw it in store. And, while they had seen photos showing water droplets were present on the sofas, Lloyds didn't think Mr C had shown this had caused any damage.

Lloyds then raised a chargeback. This was defended by N on the basis that Mr C had agreed to buy the sofa on a 'sold as seen' basis and there was a stamp on the invoice which essentially confirmed this. Lloyds didn't pursue the chargeback any further as a result.

Mr C wasn't happy with how Lloyds had dealt with his dispute. Lloyds though didn't uphold Mr C's complaint. So, he the matter to us.

Our investigator felt that Lloyds had broadly handled the dispute fairly. Mr C didn't agree and so his 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 want to acknowledge that I've summarised the events of this complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality. But I want to assure Mr C and Lloyds that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't

considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

There are two avenues here that Lloyds as the provider of credit could have considered: s.75 and chargeback. I note that Lloyds considered both of those options so I will be assessing whether they acted fairly and reasonably in doing so.

## S.75

In deciding what I think is fair and reasonable I need to have regard to, amongst other things, any relevant law. In this case, the relevant law is s.75 which says that, in certain circumstances, if Mr C paid for goods and services, in part or in whole, using his Lloyds credit card, and there was a breach of contract or misrepresentation by the supplier, Lloyds can be held responsible.

For a valid claim under s.75, there must be certain necessary criteria that is met. I'm satisfied that this criteria was met here.

I've taken into account the provisions of The Consumer Rights Act 2015 (CRA). This implies certain terms into a contract, including that goods should be of satisfactory quality when sold and supplied and that the goods are as described. Satisfactory quality is what a 'reasonable person' would expect, considering amongst other things the age and price of the goods.

Section 9 of the CRA refers to satisfactory quality and notes that the quality of goods includes their state and condition. It goes on to list the following aspects, amongst others, of the quality of goods: (a) fitness for all the purposes for which goods of that kind are usually supplied; (b) appearance and finish; (c) freedom from minor defects; (d) safety; (e) durability.

It should be remembered though that the sofa that Mr C purchased wasn't new, as it had been displayed in N's store for potential customers to buy, and, as far as I can see, wasn't marketed as being new. An ex-display model such as this will likely have had some wear and tear and that would have been reflected in its sale price. Here, N says the sofa was significantly discounted from its normal sale price and I've not seen anything to doubt this.

There were two issues that Mr C highlighted with the sofa. The first is that there was a scratch on one of the sofa arms. I've not though been given clear enough evidence to support the presence of a scratch, as the photos I've seen don't clearly show this. Nor does the evidence discount the possibility, as N and Lloyds have said, that what appears to be a scratch is in fact scarring that would be expected from an ex-display sofa. I'm not saying that Mr C doesn't have a case here. But I'd like to have seen much more persuasive evidence that there was a scratch present when the sofa was delivered, that hadn't been present when Mr C saw the sofa in N's shop. And that any marking on the sofa can be attributed to a defect which renders the sofa as being of unsatisfactory quality. I haven't seen enough to support this though.

The other issue is that the sofa was delivered wet. I think our investigator went down a bit of a blind alley in her view by mentioning that there was nothing to indicate whether the sofa would be delivered wet or dry. A reasonable person wouldn't expect a sofa to be delivered wet, in my view, even if it was raining. I think a supplier should take reasonable steps to protect goods such as a sofa from exposure to the elements by, for example, wrapping the sofa in a protective wrapping or covering. And, for the avoidance of doubt, I think N was responsible for the delivery of the sofa bearing in mind Mr C paid them a specific charge for this and noting that he says he didn't contact another company to arrange delivery, which I

have no reason to doubt.

I also have no reason to doubt Mr C's contention that the sofa was delivered wet. However, I don't think that automatically gave him a right to reject the goods. I would be more persuaded that he had that right if the water had caused some damage to the sofa, either from obvious visible damage or from expert opinion that the water that was present would likely cause damage to be evident later on. But I've not seen any evidence of that. As such, it's not possible for me to discount that simply wiping the sofa dry was sufficient to return it to a dry, and reasonable, state.

Overall, I haven't seen enough to make me think that N breached the contract with Mr C or misrepresented anything to him, such that I would have found Lloyds to have to do something to put things right in respect of the way they handled Mr C's s.75 claim.

### *Chargeback*

In certain circumstances, the chargeback process provides a way for a bank to ask for a payment made to be refunded. Where applicable, the bank raises a dispute with the merchant and effectively asks for the payment to be returned to the customer. While it's good practice for a bank to try a chargeback where the right exists and there is some prospect of success, the circumstances of a dispute means a refund isn't guaranteed. When a supplier defends a chargeback, this can lead to further representations by the cardholder's bank, if they consider the supplier has raised a weak or invalid defence. The process then allows for representations to be made. If the parties still don't agree, and for the card scheme to decide who keeps the money.

Here, Lloyds raised a chargeback for Mr C under the reason code 'not as described/defective merchandise', but it was defended by N on the basis that Mr C was aware of the condition of the sofa because the invoice had been stamped saying that it was 'sold as seen' and would be 'shop soiled and have marks and abrasions'. N also said it was possible the scratch was a scar in the leather which was to be expected in an ex-display model that had been heavily discounted.

I note that Mr C says that the invoice was stamped after he signed it. However, I don't think that was obvious to Lloyds and, had they pursued the chargeback further on that basis, N would likely have continued to defend it. I do think that Lloyds took a bit of a narrow interpretation in referring to sections of the card scheme rules relating to goods 'sold as seen', bearing in mind that Mr C had already said the stamp was added after he'd agreed to the order. But N had already defended the chargeback fairly robustly and likely would have done so again. And I don't think their defence was particularly poor or lacking in credibility as proving when invoices were stamped isn't something that is necessarily easy to do. I realise Mr C says that Lloyds should have asked N for the CCTV footage showing when the invoice was stamped. However, Lloyds wasn't under any obligation to ask for this and there was no guarantee that N would have sent this to them, or that it would have shown what Mr C says happened. As a result, I don't think it more likely than not that the card scheme would have ruled in Mr C's favour on this, had the dispute ultimately gone to arbitration.

As a result, I don't think Lloyds acted unfairly by not pursuing the chargeback any further once it had been defended by N.

I've considered Mr C's comments about the way Lloyds dealt with this dispute. However, I haven't been persuaded that they unnecessarily dragged their heels, delayed investigating the dispute or generally handled the dispute poorly.

For the reasons I've set out above, I don't find that Lloyds needs to do anything to resolve

this complaint.

**My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 30 May 2025.

Daniel Picken  
**Ombudsman**