

The complaint

Mr M on behalf of Company B complains that Lloyds Bank PLC (“Lloyds”) failed to properly pursue a chargeback. Mr M is bringing the complaint in his capacity as director of Company B, so I will be referring to him throughout the decision where necessary.

What happened

Mr M held a motor insurance policy which he wished to cancel so he told Lloyds to stop his monthly payment, however the insurer/broker took the premium as it held a Continuous Payment Authority. The insurer/broker sent him details of how it had calculated the money it believed was due following his cancellation. Mr M complained to the insurer/broker and he also raised a complaint with this service. This issue has been dealt with separately. However, I understand from that complaint a partial refund was made.

The only complaint I am addressing in this decision is Lloyds’ handling of the chargeback claim. Mr M contacted Lloyds to ask it to help get his money back. It raised a chargeback based on the evidence he had provided, but the insurer/broker challenged this and provided evidence that it was entitled to seek payment of the full year’s premium under the terms and conditions of the policy. Lloyds having temporarily credited Mr M’s account with the disputed sum re-debited it.

Lloyds rejected Mr M’s complaint and so he brought the matter to this service. It was considered by one of our investigators who did not recommend it be upheld. He considered the insurer/broker had provided evidence of its right to charge Mr M and so he didn’t believe Lloyds had been given any reason to take the chargeback any further.

Mr M didn’t agree and asked that we also considered another complaint regarding the closure of the account by Lloyds. He said the contract had been cancelled and it was wrong of Lloyds to allow the payment to be made. He had allowed a couple of payments to be made and expected these to be returned. He also said that the bank had disclosed personal banking data to a foreign third party.

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.

Firstly, I should make it clear that the role of the Financial Ombudsman Service is to resolve individual complaints and to award redress where appropriate. I do not perform the role of the industry regulator and I do not have the power to make rules for financial businesses or to punish them.

I take account of law and regulations, regulators’ rules, guidance and standards, and codes of practice and good industry practice, when I make my decision as to what is fair and reasonable.

While I might not comment on everything (only what I consider key) this is not meant as a

discourtesy to either party – it reflects my role resolving disputes informally.

Having reviewed the evidence provided by both parties I do not consider I can uphold this complaint. I will explain why.

The terms and conditions of the agreement with insurer/broker show that it holds a Continuous Payment Authority which entitles it to take any payments due. I cannot say that Lloyds was able to stop the payment as Mr M wished. However, it could raise a chargeback and this is what it did.

Chargeback allows for a refund to be made of money paid with a credit or debit card in certain scenarios, such as when goods have been paid for and not received. A consumer cannot insist on their card company attempting a chargeback, but I would expect it to attempt one, as a matter of good practice, if there was a reasonable prospect of succeeding and to do so would be compliant with the rules of the card scheme to which the card belongs.

The insurer/broker challenged the chargeback as it was entitled to do. It also sent evidence in support of its position. I appreciate Mr M did not agree with what the insurer/broker has said, but from Lloyds' perspective at that time it had no reasonable grounds for appealing the matter. I note that the insurer/broker has refunded some of the premiums since it has concluded that the claim which led to this situation was a no fault one and so that resulted in a reduced sum being payable. However, I don't consider that Lloyds needed do more than it did. It acted fairly given the information it had been given by both parties to the dispute.

Mr M has also asked that we consider a complaint about Lloyds closing the account. Although that may have occurred following his dispute about the chargeback it is a separate matter and one that he needs to take to Lloyds first before this service can consider it. The same applies to any claim he has that the bank disclosed his personal information inappropriately.

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 B to accept or reject my decision before 9 June 2025.

Ivor Graham
Ombudsman