

The complaint

Miss P complains that Lloyds Bank Plc (Lloyds) allowed two payments to be debited to her account that she said she didn't authorise and then failed to refund them when she made it aware.

What happened

Miss P had a car accident and as a result needed a hire car to get around while her insurance claim was sorted out. She hired a car from a rental company who I'll call Supplier A. Miss P understood the cost of this hire would be paid for by her insurers and so when her account was debited with two payments for that hire she disputed them with Lloyds.

Lloyds raised a chargeback for one of the payments but when this was defended by Supplier A it didn't pursue it any further. Lloyds didn't raise a chargeback for the other payment on the grounds that it was out of time to be able to do so.

Miss P complained to Lloyds that Supplier A didn't have authorisation to take payment from her account in the first place and that Lloyds should have refunded both payments back to her. Miss P also complained that she had found it difficult to access secured messages (which was an ongoing problem).

Lloyds responded and explained that as Miss P had paid for a service she received, the transactions would not be considered as fraudulent. It also reiterated that it had done nothing wrong in not refunding either transaction back to her and to explain how Miss P could access secured emails.

Unhappy with Lloyds' response Miss P referred her complaint to our service.

Miss P's complaint was considered by one of our investigators who came to the view that it shouldn't be upheld.

Miss P didn't agree with our investigator's view, so her complaint has been passed to me for review and 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.

This includes the comments received following my provisional decision. Although the outcome of the complaint hasn't changed, I issued a provisional decision saying:

Firstly, I'd like to say how sorry I am to hear of the difficulties Miss P has faced both with her health and her accident. I appreciate what a difficult time she must have had, and I hope her situation improves.

I think it would be helpful for me to be clear here that I am only considering the actions of Lloyds in this case, and I can't consider the actions of Supplier A or Miss P's insurer.

The transactions Miss P disputed were made using a debit card rather than a form of credit, such as a credit card. So, Miss P isn't entitled to make a claim under section 75 of the Consumer Credit Act 1974. Given this, I think Lloyds acted reasonably by following the chargeback process.

Chargeback claims

Chargeback isn't a legal right and isn't guaranteed to get a customer a refund. That said it's good practice for a bank to attempt a chargeback where the circumstances are appropriate and there is a reasonable prospect of success. Strict rules apply to chargebacks, and these are set out by the card scheme operator (in this case VISA) rather than the bank. These rules include timeframes for chargebacks to be raised and details of what evidence is needed for the claim.

In this case Miss P disputed two payments to Supplier A.

The first payment of £510.18 took place on 14 March 2023. From the information I have Miss P called Lloyds about the dispute within the 120 days allowed under the chargeback reason Lloyds intended to use. But this isn't always enough to demonstrate there's a reasonable prospect of success or to meet the requirements of the chargeback process. Lloyds emailed Miss P to ask for further information, but I can't see any further documentation or evidence was provided within the chargeback time scales.

I appreciate Miss P said she was having difficulties accessing the links in the emails. But once she had the email from Lloyds, she could have contacted them and asked for support with accessing the content and responded within the timescales. As Miss P didn't provide further evidence for this transaction prior to 12 July 2023, I don't think Lloyds have acted unreasonably in not raising a chargeback for this sum. Even if Lloyds had raised the chargeback, given Miss P had paid for a service she received, I'm not persuaded the claim would have been successful.

For the second payment of £482.18 that took place on 7 June 2023 Lloyds raised a chargeback under the reason code 'misrepresentation'. But this was defended by Supplier A and Lloyds didn't pursue the matter further. Miss P has maintained the transactions were unauthorised and doesn't think Lloyds took account of this when making the chargeback.

Looking at what happened it appears Supplier A provided Miss P with the agreed service and then took payment for this. I understand that Miss P was expecting her insurer to pay for the use of the hire car and says that was what she was told when she picked the hire car up. So, I don't think Lloyds acted unreasonably when using the misrepresentation chargeback reason.

In defence of the chargeback Supplier A provided a copy of a contract setting out Miss P agreed that even if a third party might pay for some or all of the bill, the agreement was between her and Supplier A. Miss P also agreed for them to charge the debit card she had provided them with, for any amount due under the agreement and that may become due on the return of the vehicle.

Lloyds gave Miss P an opportunity to provide further information following Supplier A's defence of the chargeback and gave her a deadline for this. Miss P responded outside this deadline.

However, I've considered the information submitted by Miss P in August 2023 and I'm not persuaded this would have changed the outcome of the claim. I say this because none of the information presented demonstrates that Supplier A was not entitled to charge Miss P for the service provided, or that they had charged the incorrect amount.

Even if Lloyds had tried to complete a chargeback on the basis the transaction was unauthorised, I think the contract demonstrates Supplier A did have Miss P's authorisation. So, I'm not persuaded that a chargeback for this reason would have succeeded or that Lloyds acted unfairly by not using this chargeback reason.

While Miss P may not agree with the reason code the chargeback was made under, or the reason the chargeback was defended – I don't think Lloyds is at fault for the chargeback failing and I think it acted fairly here.

Miss P replied to my provisional decision and doesn't accept what I've said. Miss P has said she was in regular contact with Lloyds and provided evidence within the relevant timeframes.

I've carefully considered all the available evidence and Miss P's further comments. I haven't seen anything in Miss P's further submissions that would lead me to conclude that Lloyds unreasonably failed to raise a chargeback for the first disputed sum.

However, even if Miss P did send Lloyds the evidence it asked for, and it had raised a chargeback for the first disputed sum, I'm not persuaded this would have been successful. I say this because Miss P had paid for a service she'd used, and the chargeback process is very unlikely to be successful in these circumstances. So, ultimately, I can't see that Miss P has lost out as a result of Lloyds actions.

I understand this will be disappointing for Miss P, but I haven't seen any new evidence that would make me depart from my provisional decision. Given this, I'm satisfied on the evidence available that Lloyds have acted fairly in this case.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 11 March 2025.

Charlotte Roberts
Ombudsman