

The complaint

Mrs C complains that Lloyds Bank Plc has treated her unfairly in relation to a payment she made using her Lloyds credit card.

What happened

In May 2022 Mrs C paid a third party I'll call "X" to provide a "*Guaranteed Legal Timeshare Exit*". Mrs C, together with Mr C, had an existing timeshare with another provider. X was providing timeshare relinquishment services. This essentially means X was offering a service to clients to end the obligations related to their timeshare agreements in return for a fee.

The service cost £5,016 (inclusive of VAT) and Mrs C paid the full amount directly to X using her Lloyds credit card. As the payment was made on Mrs C's credit card, only Mrs C can raise this complaint. So my decision will only refer to Mrs C throughout.

Mrs C has argued that X misrepresented this service and that she was "*lured into entering*" the contract based on the misrepresentations made. She says her timeshare agreement had already ended due to non-payment of the maintenance fees associated with the timeshare in 2017.

Mrs C raised a dispute with Lloyds and asked it to consider a "*like claim*" under s.75 of the Consumer Credit Act 1974 (CCA). Lloyds considered the claim but declined it. Lloyds concluded that there was no breach of contract or misrepresentation as it appears X had performed its obligations given the timeshare had been relinquished several years earlier. It said that Mrs C should have known whether or not she needed this service before contracting. Mrs C complained about how Lloyds handled her s.75 CCA claim and unhappy with the response, she referred her complaint to our service.

One of our investigators considered the complaint, but didn't uphold it. She didn't think there was evidence of a breach of contract or misrepresentation. So she thought that Lloyds had fairly assessed the claim. Mrs C disagreed and asked for an ombudsman to consider the complaint and reach a decision.

I issued a provisional decision where I said the following:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so I don't intend to uphold this complaint. I'll explain why below.

When something goes wrong with goods or services and the payment was made, in part or whole, with certain types of credit, it might be possible to make a s.75 CCA claim. This section of the CCA says that in certain circumstances the borrower under the credit agreement can make a like claim against the credit provider, as they can against the supplier, if there's been a breach of contract or misrepresentation.

There are a number of requirements which need to be in place in order to be able to make a s.75 CCA claim. For example, there needs to be a debtor-creditor-supplier arrangement in place and there are certain monetary limits. I can't see any arguments that these haven't

been met and from everything I've seen I think Mrs C is eligible to make a s.75 CCA claim in this instance.

Firstly I think it would be helpful to set out the documentation which has been provided to confirm what was agreed.

Mrs C has provided a copy of her "Service Agreement for the Guaranteed Legal Termination of Timeshare Ownership". This document sets out that that X will engage the services of their legal partners (who I'll refer to as "F") to assist in the "legal termination" of Mrs C's timeshare. On the second page of this document, although the copy I have is of a poor quality, it appears to read:

"the client acknowledges that a successful Timeshare termination means any of the following final outcomes 1) a negotiated agreement with the clients Timeshare provided to end the Timeshare agreement 2) a final notarised letter from F confirming that successful relinquishment has been achieved or 3) a decree from a court of relevant jurisdiction."

So it's clear that the above sets out how X (and by extension F) would fulfil the contract.

In addition, I have a subsequent document entitled "Termination Case Cost" which sets out a single fee of £4,180 + VAT (total of £5016) is payable. Below this there is also reference to a "Direct Claim Case Cost – No Win no Fee" which relates to "reclaimed monies from the mis-sold purchase". For this there is a charge of 25% of the money reclaimed plus VAT. I can also see that within the documentation provided that there was another contract for a "Direct Claims Against Timeshare Providers" which sets out the no win no fee arrangement and other documentation relating to this. Finally I have "Client confirmation of non-communication" document which sets out that Mrs C shouldn't engage directly with the timeshare provider during any holidays she has outstanding with it. However, there are no holidays listed.

Having reviewed all the documentation provided it's clear to me that Mrs C also contracted with X to "reclaim monies" from the alleged mis-sold timeshare purchase. However, the s.75 CCA claim that has been raised is solely in relation to the timeshare relinquishment agreement of which there is a separate agreement and fee associated with it. So this decision will only be considering Lloyds' handling of that claim.

Was it likely the relinquishment contract was misrepresented to Mrs C?

A misrepresentation is a false statement of fact (or law) made by one person to another, and which induces the person it is made to, to act in a way which is to their detriment, such as entering a contract they wouldn't otherwise have done, but for the false statement(s) made to them.

Mrs C has said that X "used deceitful tactics and sophisticated layers of lies to put pressure on me to make this payment". In addition, that X presented to Mrs C that she still owed the timeshare and made "threats that the timeshare was sold 'in perpetuity' and would be passed to my children if not relinquished".

The challenge I have with Mrs C's testimony is that it's largely generic. There are very limited specific details about how the sales conversation took place or what she was expressly told or asked. I asked Mrs C for any further details she could recall about the sales conversation which took place and she hasn't provided any response to this.

Having considered all the information I've been provided with, I'm satisfied that X made representations to Mrs C such as telling her that her timeshare contract was still in place. However, I don't have sufficient evidence to say that this was inaccurate. Mrs C has provided an email from the timeshare provider which states the membership was "not active" and had been "confiscated" due to non-payment of the fees. However, whilst there's some ambiguity around what this means, I don't think it confirms that she had already exited the timeshare agreement at this time.

I therefore don't have sufficient evidence to conclude that X made misrepresentations about the service being provided, and that it was these misrepresentations which induced her into contracting.

Was there a breach of contract by X?

A breach of contract occurs when one party to the contract fails to honour its express or implied terms. Mrs C would therefore need to evidence that X had breached the contract.

Mrs C has argued that she had already exited the timeshare contract and so didn't need X's services. Lloyds considered this but concluded it was for Mrs C to check and confirm if she needed X's services before contracting. Mrs C has in turn argued that she signed a document agreeing not to contact the timeshare provider so she couldn't check this. I think the argument Lloyds' is making is that Mrs C ought to have done this before contracting with X. However, in any event, it strikes me that I can't see Mrs C had exited the timeshare agreement prior to engaging the services of X. Whilst she hadn't paid maintenance fees for several years, I've seen nothing to suggest the contract with the timeshare provider had ended either as a result of nonpayment of fees or for any other reason. And Mrs C hasn't provided any evidence to demonstrate this was the case.

So it seems most likely to me that the timeshare contract was still in place when Mrs C contracted with X to end the agreement. In addition, as I've explained above, the "Service Agreement for the Guaranteed Legal Termination of Timeshare Ownership" sets out the ways X could fulfil the contract. One of which is to provide "a final notarised letter from F confirming that successful relinquishment has been achieved".

Mrs C has provided a two-page letter from F dated 15 June 2022. It states that her timeshare contract had been "fully relinquished" and that she was "no longer bound by the terms of your contract". And it appears this copy was notarised. In this letter F explained that it had written to the timeshare provider informing it that Mrs C wished to relinquish the timeshare and it hadn't received a response. I don't know if this would have been sufficient to exit the timeshare, but the letter appears to be sufficient to meet the terms Mrs C and X agreed to. And Mrs C hasn't provided any evidence to suggest she was still bound by terms of the timeshare agreement after this point. So from everything I've been provided with it appears that X fulfilled its contractual requirements under the agreement and I've seen nothing to suggest a breach of contract took place.

I therefore cant say that Lloyds acted unfairly in declining Mrs C's s.75 CCA claim.

Chargeback

A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant card scheme rules. It allows customers to ask for a transaction to be refunded in a number of situations, some common examples being where goods or services aren't provided, or where goods or services aren't as described.

I don't know if Lloyds explored this route to try to recover the funds paid. However, I think this was unlikely to be successful in any event. Chargebacks are subject to strict time frames. I think the most likely chargeback reason based on Mrs C's arguments would be goods/services not provided. From everything I've seen, I think it's likely Mrs C raised the matter too late with Lloyds and outside the time limits which applied. However, even if this wasn't the case and I thought she had raised her claim in time, as I've explained above, the evidence suggests X provided the service in dispute. So I don't think it's likely the chargeback would have been successful.

I therefore don't think Lloyds acted unfairly if it didn't pursue a chargeback in relation to this dispute.

I asked both parties to provide me with anything further before I reached a final decision.

Lloyds responded to confirm it had nothing further to add. Mrs C didn't provide a response.

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.

Having done so, as neither party has provided anything further, I see no reason to depart from the findings I reached in my provisional decision (which forms part of this decision).

To summarise I don't think Mrs C has shown there was a breach of contract or misrepresentation under the relinquishments contract that the credit provider (in this case Lloyds) should be held jointly liable for.

I don't consider Mrs C's testimony is detailed enough to persuade me the contract was misrepresented to her. And whilst I asked for further details, these weren't provided. Therefore, I'm not persuaded Mrs C has evidenced the contract was misrepresented to her. Whilst Mrs C has said that no service was provided, the evidence I have suggests that the merchant fulfilled what was agreed under the relinquishments contract. So I'm not persuaded that there was a breach of contract.

In addition, I think Mrs C raised her dispute outside the required timeframes to make a successful chargeback claim.

I therefore can't say Lloyds has handled Mrs C's claim unfairly, so I don't uphold this complaint.

My final decision

For the reasons explained above, I don't uphold this complaint against Lloyds Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 23 May 2025.

Claire Lisle
Ombudsman