

The complaint

Mr M complains that Lloyds Bank plc won't refund to him the money that he paid to a bespoke shoe manufacturer.

What happened

Mr M used his Lloyds Bank debit card in July 2024 to pay £1,837 to a bespoke shoe manufacturer. It was a 75% deposit on a pair of bespoke shoes. Mr M says that the shoes weren't fit for purpose so he claimed a refund from the manufacturer and he contacted Lloyds Bank about the payment. It made a chargeback claim to the manufacturer and applied a temporary refund to Mr M's account. The manufacturer defended the chargeback but Lloyds Bank considered that it hadn't shown that the shoes were as described so it asked for pre-arbitration of the chargeback in August 2024. The pre-arbitration was declined in September 2024 because it was found that sufficient evidence had been received from the manufacturer so the temporary refund was taken back from Mr M's account later that month.

Mr M then complained to Lloyds Bank and he said that he felt it should be looking at his claim from a legal perspective but it said that, when it disputes a debit card payment, it follows the chargeback scheme rules. Mr M then raised further concerns and Lloyds Bank said that it was unable to further challenge the payment as the scheme rules state that it can only dispute a payment once and that it had nothing further to challenge the manufacturer on.

Mr M wasn't satisfied with its response and complained to this service. His complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. She was satisfied that Lloyds Bank followed the process correctly and challenged the chargeback when insufficient proof was sent to justify not giving a refund.

Mr M didn't accept the investigator's recommendation and has asked for his complaint to be considered by an ombudsman. He says that the manufacturer is in breach of the law and Lloyds Bank merely contacted the manufacturer, and not him, and made its decision to cancel the chargeback on the basis of what it told them.

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.

If a consumer disputes a card payment, the card issuer may be able to make a chargeback claim to the merchant under the relevant card scheme to try to settle the dispute. There's no right for a consumer to require that a chargeback claim be made and the applicable scheme rules set out the disputes that can be considered and the time limits for making a claim. If the right to make a chargeback claim exists under the applicable scheme rules, and if there's a reasonable prospect of success, I consider it to be good practice for a chargeback claim to be made.

Mr M disputed the payment of £1,837 that he'd made to the manufacturer and Lloyds Bank made a chargeback claim to the manufacturer. It defended the chargeback claim but Lloyds Bank considered that it hadn't shown that the shoes were as described so it asked for pre-arbitration of the chargeback in August 2024. The pre-arbitration was declined in September 2024 because it was found that sufficient evidence had been received from the manufacturer to show that the goods and services provided were as described.

The applicable scheme rules are set by the card scheme provider and have been accepted by Lloyds Bank. Those rules set out the list of possible chargeback reasons and a chargeback can only be made for one of those reasons. Mr M says that the manufacturer has breached the Consumer Rights Act 2015 but that, of itself, wouldn't be a chargeback reason and I consider that Lloyds Bank acted correctly in making the chargeback claim because the goods and services weren't as described.

Lloyds Bank says that Mr M had signed an order form for a bespoke pair of shoes, he'd selected the type of shoe, upper material and lining and had agreed to the terms and conditions of the making of a bespoke shoe. It says that the terms and conditions state that any changes to the fit of the shoe will be undertaken by the manufacturer at its expense but changes to the design or finish of the shoe may incur further expenses levied to the customer. It also says that Mr M had expressed concerns about the design of the shoe and there was a discussion about changing the leather. It also said that the manufacturer had expressed a willingness to make changes to the fit of the shoe to ensure that it was correct and, at the point of the fitting, the shoes weren't yet complete and the manufacturer was willing to assist Mr M and had been in contact with him to discuss changes and fittings to ensure his shoes were satisfactory.

I consider that Lloyds Bank acted correctly by making a chargeback claim for the payment that Mr M disputed and by asking for pre-arbitration and I don't consider that it was then required to proceed with the chargeback claim any further in these circumstances. It's clear that Mr M believes that Lloyds Bank should have refunded his payment to him so I appreciate that my decision will be disappointing for him. I find that it wouldn't be fair or reasonable in these circumstances for me to require Lloyds Bank to refund the payment of £1,837 to Mr M, to pay him any compensation or to take any other action in response to his complaint.

My final decision

My decision is that I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 July 2025.

Jarrold Hastings
Ombudsman