

The complaint

Mr W complains Lloyds Bank PLC didn't do enough to help get a refund for a transaction he made using his debit card.

What happened

In June 2024 after arrival at an airport in Turkey, Mr W arranged for a merchant, I'll refer to as "M", to provide transport between the airport and his hotel. The booking included a return trip to the airport the following day for his flight home.

Mr W says the agreed charge was equivalent to £55.30 which he'd planned to pay in cash - but was told by M he'd need to pay by card. Mr W says he was unhappy paying by card but went ahead with the payment as he needed transport to and from his hotel.

Once home, Mr W noticed M had taken a payment of £1,238.30 from his card so he contacted Lloyds for help.

Lloyds raised a chargeback, which is a means of asking the merchant (M) for a refund via the card scheme provider, Visa in this case. It also applied a temporary credit to Mr W's account of £1,183 (the amount Mr W said he'd been overcharged by) on 14 June 2024. M defended the chargeback, saying Mr W had booked a two-day VIP city tour and no refund was due. M provided a copy of the card receipt, an invoice for the city tour and said Mr W had verified the payment using chip and pin.

Lloyds shared this information with Mr W. He said he'd only been in the country for one night, so it was impossible for him to have taken a two-day tour. He provided evidence of the cash exchange he'd made at the airport in preparation for the taxi journey and reiterated he'd agreed to pay £55.30, not £1,238.30 as he'd been charged.

Lloyds considered M's defence, and the information Mr W had supplied but concluded there was no reasonable prospect of success in pursuing the chargeback further. Lloyds removed the temporary credit from Mr W's account in October 2024.

Unhappy Mr W contacted this Service to complain, saying he'd provided Lloyds evidence he wasn't in the country at the time M said he'd taken the two-day VIP city tour.

An Investigator here reviewed matters but concluded Lloyds had handled Mr W's chargeback claim fairly. In summary they said Lloyds had raised the chargeback claim as it should have, but based on the evidence provided by M, the decision it made not to pursue the chargeback claim was fair.

Mr W disagreed, saying the evidence M provided was fraudulent and made no mention of the taxi journey he did take with them. He reiterated he'd only been in the country one day and considered M's evidence should have been discounted on this basis. In addition he said he'd not agreed to the amount M had charged him, saying he'd simply put his card in and entered his pin. Mr W also questioned why Lloyds raised a chargeback in the first place – given it was aware he'd paid by chip and pin – but then declined his claim on this basis.

As no agreement was reached Mr W's complaint was passed to me to decide. I issued a provisional decision explaining why I didn't intend to uphold this complaint. In this provisional decision I said:

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

I realise I've summarised this complaint in less detail than both parties. I've concentrated on what I consider to be the key issues. The rules that govern this service allow me to do so. But this doesn't mean I've not considered everything both parties have said.

At the outset I want to acknowledge the amount Mr W paid for what he believed to be a return taxi journey, was high. And I accept what Mr W has said – that he didn't agree to pay the amount he's been charged, nor was he wanting a two-day VIP taxi tour, as M alleged he'd taken. But unfortunately, that alone isn't enough for me to say Lloyds should take responsibility for refunding the loss he's incurred.

When a consumer raises concerns about a transaction with their bank, I'd expect it to look to see whether it has any responsibility for refunding the amount in dispute. In some instances, this may be because the customer didn't authorise the amount, or that payment was unusual. It may also be it can ask for a refund through the chargeback process operated by the card scheme.

In this decision I've thought about whether Lloyds has treated Mr W fairly in declining his claim for a refund – thinking about each of the potential avenues of redress, for Mr W, in turn below.

Was the transaction authorised?

As our Investigator explained, Mr W authorised this payment using chip and pin, which in part meant Lloyds were unable to do more in helping Mr W recoup the amount he'd paid by considering the matter a fraudulent transaction.

In more detail, the Payment Services Regulations 2017 and the terms of Mr W's account say he is generally responsible for transactions he authorises.

On this point, Mr W has said: "No sum was agreed. I simply put my card in the machine, and entered my pin".

As such, there's no dispute the transaction was authorised by Mr W. The fact Mr W believed the payment was for another, much lower, amount does not invalidate that authorisation. So as a starting point, Lloyds were reasonable to hold Mr W responsible for the payment.

The transaction

For completeness I've also thought about whether Lloyds should have intervened in the transaction when the payment was made – but while the transaction was higher than the types of transactions that were typically made by Mr W, that alone isn't enough to alert Lloyds there was a problem. He had previously made one off relatively large purchases and had used the card abroad. Mr W had also intended to pay M, just not for the amount he did. Overall, I don't think the transaction was unusual or suspicious enough that Lloyds should have intervened at the time it was made.

Chargeback

I think it would be helpful to explain, in this decision I'm only able to consider how Lloyds handled the chargeback dispute Mr W raised with it. I'm not able to consider the actions of M, as this isn't within the jurisdiction of this Service for these types of complaints.

Chargeback allows for a request of a refund to be made of money paid with a plastic card in certain scenarios, such as when the incorrect amount has been charged. I'm looking here at the actions of Lloyds and whether it acted fairly and reasonably in the way it handled Mr W's request for help in getting his money back. This will take into account the circumstances of the dispute and how M has acted, but there are other considerations, such as the card scheme rules, which Lloyds must follow and its own obligations.

Chargebacks are not guaranteed to succeed, the recipient of the funds (M in this case) can choose to challenge or defend a chargeback if it doesn't think it is valid. But I would expect Lloyds to attempt a chargeback if there was a reasonable prospect of success, as it did here. If a chargeback is challenged by the other side to the dispute, I would expect Lloyds to look carefully at the submissions made by the other side and make a decision on whether to continue pursuing the chargeback. I would not expect Lloyds to pursue it further if the submissions showed it no longer had a reasonable prospect of success.

In this case Lloyds did attempt a chargeback, under the Visa dispute reason code "12.5 Incorrect amount". This seems reasonable as Mr W said he'd taken two taxi journeys with M, between the airport and his hotel – but he'd agreed to pay less than the amount he'd been charged. Essentially he was complaining he'd been charged the incorrect amount.

The claim was defended by M who provided a copy of the card receipt, evidence that Mr W had paid via chip and pin and an invoice for the two-day VIP tour, showing Mr W's name. This gave Lloyds the option of dropping the chargeback or persevering with it. The Visa rules say to successfully process a chargeback under this code the issuer (Lloyds in the case) and the acquirer (M's bank) would need to provide certain evidence including:

"A copy of the Transaction Receipt... or other record with the correct Transaction Amount"

Here, Lloyds asked Mr W for evidence of the correct amount he should have been charged. In response, Mr W said the amount was agreed verbally and provided evidence of cash he exchanged at the airport in which he planned to pay for the taxi. M however provided an invoice with Mr W's name, listing a city tour, and the amount Mr W was charged. Along with a card receipt from Mr W's card, matching the amount and date of the invoice – 8 June 2024.

While I understand what Mr W has said about the agreed price, there is no record of that amount, as the Visa rules require. He has provided a cash exchange receipt, and he's said he intended to pay using this money, but ultimately, he didn't, he paid using his card – which means it's the card scheme rules I must consider here. I can appreciate it's difficult for Mr W to accept he's going to be left out of pocket when he's not done anything wrong, and I accept his perspective that he's been the victim of sharp practice tantamount to a scam from the merchant. But there are limitations on what Lloyds can do when it comes to looking to refund a card transaction. So based on this it seems reasonable Lloyds didn't consider it was able to pursue matters further, as there was no realistic prospect of success.

Mr W has said he wasn't given a copy of the receipt or invoice M provided as evidence, and I don't dispute that – but ultimately the criteria for a chargeback is set by the card scheme, meaning there are only limited forms of evidence for a chargeback to be considered valid. And here, that evidence wasn't something Mr W was able to provide. As explained above, the card scheme requires documentation detailing what the correct transaction amount should have been, in a specified format such as a receipt or invoice from the merchant

confirming the correct amount. The card scheme would not accept evidence of taking a common-sense approach on what the cost for a journey of this duration should have been. I recognise Mr W is being asked for something that is difficult, if not impossible, for him to provide. But because he doesn't have the supporting documentation required by the card scheme rules, there was no realistic prospect of success had Lloyds tried to take it any further.

I'm aware Mr W has said he wasn't in the country long enough to use a two-day tour. While that may be the case, it doesn't prevent him unwittingly paying for one. Chargebacks are prescriptive in the way they work – there aren't the same flexibilities as other types of card protection. Ultimately, the criteria for the chargeback is set by the card scheme and not by Lloyds and here the Visa dispute rules require Mr W to provide evidence of what the correct amount for the journey should have been, and without it, I don't think Lloyds has acted unfairly in not pursuing matters further.

Lloyds also explained as Mr W authorised the payment using chip and pin, there wasn't anything further, under Visa's rules, it could do. Mr W has questioned why Lloyds attempted the chargeback initially, knowing he'd paid by chip and pin. But this seems reasonable as it is still possible to raise a chargeback in certain scenarios when chip and pin has been used. Visa's rules just require particular evidence to pursue matters further – which as explained above, wasn't provided here. So I think it was fair for Lloyds to attempt this, even though it ultimately wasn't successful.

Summary

In closing, I have every sympathy for Mr W as the circumstances of this case mean he was afforded little protection, which I understand would be particularly upsetting. But taking everything together I don't intend to say Lloyds has acted unfairly in not refunding this payment. That's because the relevant law, rules and codes of practice do not place the responsibility on Lloyds to refund the payment. And as the necessary evidence required by the card scheme rules wasn't available, I plan to say Lloyds acted reasonably by not persevering with the chargeback process after M defended it.

I invited both parties to respond with any further points or evidence they wanted me to take into account before I made a final decision.

Lloyds didn't respond to my provisional decision by the deadline.

Mr W responded, disagreeing with my provisional decision. In summary he said, when considering his chargeback claim, Lloyd's failed to consider several factors he thought key to the outcome, these included:

- The two-day VIP tour M alleged Mr W had taken had already been completed by the date he arrived in the country.
- Mr W had not been given the card-holder copy of the receipt, by M. Had it done so, he would have been aware of the amount he'd been charged and raised an objection about this at the time.
- W made no mention, or provided evidence of the taxi ride it did provide Mr W, namely the return journey between the airport and his hotel.
- There'd been an agreement of what the price for the journey should have been, pointing to the fact he'd exchanged cash at the airport in which to make the payment. Given this, he didn't agree he'd authorised the transaction, wasn't responsible for this

and as such, in law, the payment should be void.

In addition, Mr W asked us to consider third-party reviews of M, which he considered showed that M had charged him incorrectly.

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, I've reached the same outcome as set out in my provisional decision.

The regulator the Financial Conduct Authority (FCA) sets out the rules for our service to follow. These rules are set out in the Dispute Resolution: Complaints (DISP) Handbook.

DISP 3.6.1 says:

The Ombudsman will determine a complaint by reference to what is, in his opinion, fair and reasonable in all the circumstances of the case.

And DISP 3.6.4 says:

In considering what is fair and reasonable in all the circumstances of the case, the Ombudsman will take into account:

(1) relevant:

(a) law and regulations;

(b) regulators' rules, guidance and standards;

(c) codes of practice; and

(2) (where appropriate) what he considers to have been good industry practice at the relevant time.

The effect of these rules mean I'm required to take into account the information, laws and legislations Mr W has mentioned, but I'm not bound by them. This reflects our informal nature as an alternative to the courts. That also means we wouldn't routinely quote every law that could potentially apply.

This also means our service isn't required to follow any award a court might make in relation to a complaint such as this when deciding what we consider to be a fair and reasonable outcome.

So with this in mind I want to reassure Mr W I've taken everything into account when coming to my decision, even if I've not commented on these specifically below.

I also want to say again, I fully sympathise with Mr W's disappointment in the outcome I've come to here – it is understandably distressing to be charged such a large amount unexpectedly. That said, as explained, it still doesn't mean I'm able to conclude Lloyds has acted unfairly in how it's dealt with Mr W's payment and subsequent chargeback claim.

While Mr W doesn't agree he authorised the transaction, as he entered his pin number into the terminal, this means it was an authorised transaction. As explained, even though he paid a far higher amount than he'd expected to, it doesn't mean the transaction wasn't authorised.

Because it was a chip and pin payment, there was no reason at the time for Lloyds to be aware he hadn't agreed to the payment he was making. The terms and conditions of his account allow for this and as such I can't agree Lloyds acted unfairly here, or that the transaction wasn't authorised.

Mr W has also made several arguments about evidence he says Lloyds should have considered, which amongst others include: that he wasn't in the country when the two-day tour took place; he wasn't provided a copy of the card-holder receipt and M haven't acknowledged it provided him a return journey. However as explained, chargebacks are prescriptive in the way they work – there is certain evidence that can be provided, under the Visa rules. Here M provided sufficient evidence that meant the chargeback claim didn't have a realistic prospect of success had Lloyds pursued it further, and Mr W wasn't able to provide the information the rules required – documented evidence of the correct amount. This means Lloyds acted fairly in not pursuing the chargeback claim further. I've taken into account what Mr W has said about not being in the country, but due to the limited scope of Visa rules, this wasn't enough.

I'm aware Mr W also considers our Service should take account of third-party reviews about M he's seen online. However I must consider each complaint individually and on its own merit. As explained above, I'm looking at whether Lloyd's handled his chargeback claim fairly. And as there isn't the scope within those rules to take into account third-party reviews, I wouldn't expect either it or our Service to do so. Meaning the outcome of Mr W's chargeback claim wouldn't be altered as a result of these.

Once again, I have every sympathy for Mr W here – but I can't say Lloyds has acted unfairly. That's because, it's not its responsibility to refund the payment Mr W made, due to the way it was paid. And in relation to the chargeback claim, the necessary evidence to pursue the claim further than it did wasn't available. And while Mr W has provided a large amount of testimony, this simply isn't enough for Lloyds to challenge the chargeback claim further. As such, I won't be asking Lloyds to take any action here.

My final decision

For the reasons explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 18 July 2025.

Victoria Cheyne
Ombudsman