

## The complaint

Miss P complains about how Lloyds Bank PLC ('Lloyds') handled a claim she made to it.

## What happened

The parties are familiar with the background details of this case – so I will simply summarise these here briefly. It reflects my informal remit.

Miss P is unhappy with a ring of a particular brand which she paid for from a seller on a website ('the supplier') using her debit card. Miss P says the ring was counterfeit. Miss P told us she started wearing the ring a few months after it was delivered and after two wears it started to turn her finger green. Miss P says she took the ring to a retail outlet for that particular brand of ring and she told us the staff confirmed that her ring was counterfeit. Miss P tried to get redress through the supplier without success. So, she approached Lloyds.

Lloyds raised a chargeback, which was defended by the supplier. The supplier explained that in their terms and conditions the issue of counterfeit goods had to be raised within 48 hours of receipt. Lloyds then discontinued the chargeback.

Miss P is unhappy and thinks that Lloyds could have done more to help her get a refund.

Our investigator did not uphold the complaint. Miss P disagreed and asked for an ombudsman to review the case for a final decision.

I issued my provisional decision on 12 June 2025, a section of which is included below, and forms part of, this decision. In my provisional decision, I set out the reasons why it was my intention to uphold Mrs T's complaint. I set out an extract below:

### ***"What I've provisionally 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.*

*I have considered the evidence submitted by the parties but won't be commenting on it all – only what I consider key. This is not meant as a discourtesy but reflects my role resolving disputes informally.*

*I have to underline that Lloyds is not the supplier of the ring, so I am only looking at its role as a provider of financial services. I am looking at how it acted in trying to help Miss P get her money back. In doing so I note that Miss P used a Lloyds debit card to pay the supplier and the amount of the purchased item was less than £100 – so the relevant card protection here is chargeback. In deciding what is fair it is this scheme that I have considered.*

*Chargeback is run by the card schemes according to rules they have set out. It isn't a general consumer protection law (like Section 75 of the Consumer Credit Act 1974) and is not guaranteed to succeed.*

*Here it appears that the Visa rules are applicable. So, in deciding what is fair I have taken these into account.*

*Lloyds doesn't have to raise a chargeback, but it is often good practice to attempt one. In the circumstances here I can see that it did attempt a chargeback, but it stopped this process once the supplier raised a defence to its pre-arbitration letter. So, I have considered if what Lloyds did was fair.*

*From the submissions made by Lloyds, the reason code Lloyds used is not clear. But Miss P raised the issue of counterfeit merchandise with Lloyds and us, so it seems likely that they would have or should have used the code that related to counterfeit merchandise which seems the most appropriate to the situation here.*

*In any event the supplier responded with a defence refusing to concede a refund claiming:*

- Miss P was out of time to make such a claim as their own terms and conditions provide that such a claim can only be considered if raised within 48 hours of receipt of the item in question.*
- Miss P raised her issue after that time.*

*But this defence fails to address the terms of the chargeback. The arbitration process is decided by the card scheme and not by the supplier's terms and conditions. As such the arbitration process was not restricted to the 48 hour term raised by the supplier. And so, it is regrettable that Lloyds chose to drop the chargeback process in the face of this invalid rebuttal.*

*I think that in the face of such a defence Lloyds ought to have taken the dispute further. Had they done so it would have then left the card scheme to make a decision on the matter via an arbitration process. In not doing so, they have denied Miss P the opportunity of having her case reviewed.*

*I have looked at the conditions that would have applied had the case progressed under the counterfeit merchandise code. The rules say that,*

*"The merchandise was identified as counterfeit by one or more of the following:*

- The owner of the intellectual property or its authorized representative*
- A customs agency, law enforcement agency, or other government agency*
- A third-party expert."*

*(11.10.5.1 Dispute Condition 13.4: Counterfeit Merchandise – Dispute Reason)*

*I note that Miss P was not asked to provide any evidence before Lloyds proceeded to its final response letter. But had Lloyds progressed the chargeback, Miss P would have had to provide some evidence to support her submission. It's impossible to know what would have happened in that circumstance. But in thinking about it, I note that Miss P had already been to a retail outlet for the brand her ring was supposed to be to see whether her ring was authentic or not. It does not seem unreasonable that Miss P would have been prepared to return to that store to get written confirmation of what she says she was told. And that simple act would have satisfied this rule for the chargeback.*

*And I've also noted that complaint was raised within the time limits that apply. I say this because Miss P had 120 Calendar days from the date on which the Cardholder was notified that the merchandise was counterfeit.*

*Considering the above I can see insufficient detail in the rules that would have prevented Miss P from satisfying the evidential requirements to have the chargeback looked at.*

*But I must also consider whether Miss P would have had a reasonable prospect of success had the chargeback proceeded. This is difficult as Lloyds did not ask for any evidence from Miss P at the time they started the chargeback process. And at no point before the case was closed down by Lloyds was Miss P encouraged to get and keep such evidence. At the time Miss P raised the claim, the ring was in her possession and she could have easily sought confirmation of the ring's lack of authenticity from the brand retail outlet that she had already visited.*

*I note that once Miss P received a temporary credit from Lloyds for the full cost of the ring, Miss P chose to throw the ring away. But having considered all the details of this case, I think that Lloyds' unfair handling of the chargeback was a contributory factor in these matters. In handling the chargeback in the way they did, Lloyds denied Miss P the opportunity to assemble her evidence and hindered her chance for a successful arbitration.*

*The arbitration process is decided by the card scheme, and the outcome is not guaranteed. Had the arbitration continued it is not clear what the outcome would have been. And there would have been some evidence that Miss P was required to provide in support of her case.*

*But I have not seen sufficient evidence to think that Miss P had no reasonable prospect of success. Having considered all the submissions made to me in this case, I think it more likely that Miss P would have had a reasonable prospect of success. Therefore, I think it would be fair to conclude that Lloyds should now reimburse Miss P what she paid for the ring.*

### **Putting things right**

*To resolve the complaint Lloyds should:*

- *Refund Mrs B what she paid for the ring.*
- *Interest should be added to the above amount, at a rate of 8% per year simple from the date the payment was made to the date of settlement.*

*\* If Lloyds considers it is required to deduct tax from my interest award it should provide Miss P a certificate of tax deduction so she may claim a refund from HMRC, if appropriate.*

### **My provisional decision**

*My provisional decision is that I am minded to uphold this complaint and direct Lloyds Bank PLC to put things right in the way I've set out above"*

I asked the parties to the complaint to let me have any further representations that they wished me to consider by 26 June 2025. Both parties have accepted my provisional findings. So, I'm proceeding to my final 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.

Given that there's no new information for me to consider following my provisional decision, and as both parties have agreed with my provisional findings, I have no reason to depart from those findings. And as I've already set out my full reasons for upholding Miss P's complaint, I have nothing further to add.

### **Putting things right**

I require Lloyds Bank PLC to calculate and pay the fair compensation as detailed above.

### **My final decision**

For the reasons set out, I'm upholding Miss P's complaint about Lloyds Bank PLC. I require Lloyds Bank PLC to calculate and pay the fair compensation as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 24 July 2025.

Douglas Sayers  
**Ombudsman**