

The complaint

A company, which I will refer to as G, complains that Lloyds Bank Plc (trading as Cardnet) mis-sold its merchant acquiring services. In particular, G's director says that Cardnet wrongly assured him that its services would be compatible with those of a specific e-commerce platform.

What happened

G's director told us:

- G opened a business banking account with Lloyds in October 2023. At the time, Cardnet sent an email inviting him to discuss his business needs.
- During February 2024 he had several telephone conversations with Cardnet (although Lloyds has only provided a recording of one of those conversations). During those calls, he made very clear that G's website operated using a specific e-commerce platform, and that it was vital the card processing solution G used was compatible with that platform. Cardnet's representatives assured him that integration with the platform was being developed and would be in place within a couple of months.
- He had a further telephone conversation with Cardnet in mid-2024 and was assured that development to integrate Cardnet's systems with the platform was ongoing and imminent.
- In December 2024 Cardnet eventually told him that its systems were not compatible with the platform G used on its website. If he had known earlier that integration would not be possible, he would have sought alternative providers.
- Cardnet's errors and misrepresentations have caused G to suffer losses in excess of £300,000. The inventory G purchased for sale during 2024 is now out-of-date and largely unsellable. Cardnet should pay significant compensation for G's lost opportunities, as well as for professional and reputational damage.
- He made every effort to mitigate G's losses, including modifying G's store and seeking updates from Cardnet. He acted in good faith and repeatedly engaged Cardnet to resolve the issue.
- After he threatened Cardnet with legal action it paid G just £420 (a refund of the Cardnet fees G had incurred up until that point). He considers that Cardnet's decision to refund its fees demonstrates its acknowledgement of wrongdoing, even whilst it continues its attempt to avoid full liability.

Cardnet told us:

- It cannot find any mention of the e-commerce platform before G's director's December 2024 call to its helpdesk. There was a sales call between one of its staff

and G's director on 29 February 2024, but there was no mention of the e-commerce platform during that call. There was also a brief call about paperwork on 5 March 2024, but again the e-commerce platform was not mentioned. In any event, that particular platform is not something that Cardnet can offer, so integration with that platform would not form part of its sales script or be offered to its customers.

- It has closed G's merchant account – which has never been used – to prevent it from incurring further charges. It is satisfied that all fees were charged correctly and in line with its agreement with G, but it refunded the fees without admission of liability to resolve the complaint and put G in the position it would have been in if it had not opened a Cardnet merchant account.
- It does not agree that it sold G merchant services that were not fit for purpose. It was not aware that G required integration with the specific e-commerce platform.

One of our investigators looked at this complaint, but he did not uphold it. He wasn't persuaded that G discussed Cardnet's compatibility with the e-commerce platform at the time G decided to go ahead with Cardnet's merchant acquiring services, nor was he persuaded that Cardnet ever gave a date by which its services would be compatible with the platform. He also thought Cardnet had acted reasonably in refunding the costs G had paid, and he didn't think it would be fair for him to recommend that Cardnet do anything more.

G's director did not accept our investigator's findings, so the matter was referred to me.

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, whilst I am sorry to further disappoint G's director I have reached the same conclusions as our investigator, for broadly the same reasons. But I will make some further comments below.

I think one of the key points here is whether Cardnet told G's director in early 2024 that the services it offered were compatible with the e-commerce platform he had chosen. G's director clearly recalls that Cardnet did tell him that the services would soon be compatible. Cardnet says its agents would not have said that. Neither party has been able to provide documentary evidence to show that the e-commerce platform was discussed at the point of sale.

Looking at the evidence as a whole, I have not seen sufficient evidence to persuade me that Cardnet knew in early 2024 that integration with a specific e-commerce platform was important to G. That means I don't think Cardnet's merchant services were mis-sold to G, and I don't think Cardnet misrepresented its services as being compatible with the platform G wanted to use.

I note that Cardnet's decision to refund the fees G incurred means that the contract with Cardnet has not cost G anything. I don't think Cardnet's decision implies that it was in the wrong; I consider that was simply a pragmatic attempt to resolve matters. By the time of the refund, it was clear that G had not used Cardnet's services and did not wish to use those services in future, and I therefore see nothing unfair about Cardnet's decision to cut ties between itself and G.

In any event, I don't think it would be fair for me to award the losses that G claims. Even if Cardnet had told G's director that the e-commerce platform integration would be online

within a couple of months of February 2024, I think it would have been clear to him well before December 2024 that the integration had not happened. Cardnet has many competitors, and it would have been open to G's director to set up a merchant services account with one of those competitors. I therefore cannot see how it could be fair for me to hold Cardnet responsible for any difficult G might have had in selling the stock it had purchased for the 2024 season.

Overall, I consider that Cardnet has treated G fairly.

My final decision

My final decision is that I do not uphold this complaint against Lloyds Bank Plc (trading as Cardnet).

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 19 February 2026.

Laura Colman
Ombudsman