

## **The complaint**

Mr C has complained that Lloyds Bank PLC “Lloyds” rejected his claim for money back in relation to an engine he’d bought with his Lloyds debit card

## **What happened**

The circumstances leading up to this claim aren’t disputed so I’ve only briefly set them out here. On 15 June 2022, Mr C bought an engine from a supplier (which I’ll refer to as A). He paid £1,284 for the item on his debit card. On receipt of the engine Mr C realised it wasn’t the right one, so he returned it. But despite collecting the engine, A wouldn’t refund him the amount he’d paid, so he asked Lloyds for help in getting his money back in July 2022.

After waiting 15 days (the minimum amount of time required under the relevant rules), Lloyds temporarily refunded the disputed amount to Mr C’s account while it investigated the matter. This amount was subsequently re-debited after A challenged the refund. Lloyds said A had informed Lloyds that it had acted in line with its contractual terms. This amount was re-debited in September 2022.

In November 2024, Mr C contacted Lloyds saying he hadn’t realised that the amounts had been re-debited. He complained that he hadn’t been notified of the re-debit and that Lloyds communication with him was poor.

Lloyds looked into the complaint and explained it had written to him on 30 August 2022 to explain the request for a refund had been denied, because the merchant had explained that in accordance with its terms, it would source Mr C with a replacement rather than issue him with a refund. But it said if Mr C had more evidence or information to submit, it would review the matter. But if he didn’t provide any further information or evidence within 10 days, it would re-debit the amount credited.

On 14 September 2022, when Lloyds didn’t hear back from Mr C, it reapplied the disputed amount. It said it sent the emails to the email address Mr C had submitted. But in response to Mr C’s dissatisfaction, it did provide him with £40 compensation for the disappointment caused. Lloyds also explained that it typically had 30 days to progress the dispute any further from when it was declined and given that Mr C didn’t reply to it until November 2024, it was now out of time to dispute the amount any further.

Unhappy, Mr C referred the matter to this service. He reiterated that he’d returned the goods and wanted a refund explaining that the type of engine he needed was very specific and he only wanted a refund not a replacement. He didn’t receive the email notifying him of the reapplication of the amount and felt he’d lost out due to poor communication of Lloyds.

Mr C’s complaint was considered by one of our investigators. He felt that Lloyds hadn’t made any errors in relation to the chargeback claim and it seemed like Lloyds had sent the emails to the correct email address on file and the one Mr C was still currently using to liaise with our service. So, overall, he didn’t think Lloyds needed to do anything further in respect of Mr C’s claim.

Mr C disagreed. He said it wasn't fair that A was able to keep the money when it hadn't given him a like for like engine or a refund. He reiterated that having checked his email, he did not receive the email from August 2022. He said he recalls making it clear to Lloyds during the initial investigation that he did not want a replacement but simply a refund.

As the complaint couldn't be resolved by our investigator, I've been asked to make a 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.

Firstly, I'd like to reassure Mr C, that I have considered all his concerns carefully, but I will only be dealing with the most salient parts of his complaint in this decision as I'm required to decide matters quickly and with minimum formality.

### **Chargeback**

In deciding this complaint, I'm only considering the actions of Lloyds and how it handled Mr C's request that it raise a chargeback on his behalf. I'm not looking at the actions of the merchant from whom Mr C ordered the goods (A).

Having considered everything very carefully, I have to tell Mr C that I'm not going to uphold his complaint, and I'll explain why.

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, where goods or services are defective, or where a credit isn't processed in line with a merchant's refund policy. In this particular case, an appropriate reason might be that Mr C returned the goods but wasn't credited with a refund in line with A's refund policy.

There's no automatic right to a chargeback; the chargeback process doesn't give consumers legal rights; and chargeback is not a guaranteed method of getting a refund because chargebacks may be defended by merchants. This is because the rules, set out by the card scheme lay down strict conditions which must be satisfied for a chargeback claim to succeed. If a financial business thinks that a claim won't be successful, it doesn't have to raise a chargeback. But where there's a reasonable chance of success, I'd expect a financial business to raise a chargeback.

It's important to note that chargebacks are decided based on the card scheme's rules – in this case VISA's – and not the relative merits of the cardholder/merchant dispute. So, it's not for Lloyds – or me – to make a finding about the merits of Mr C's dispute with A, or whether or not the chargeback rules are fair. Lloyds's role is to raise the appropriate chargeback and consider whether any filed defence by the merchant complies with the relevant chargeback rules.

In this case Lloyds raised a chargeback for Mr C likely under the code for items returned and refund not processed. But Lloyds notes show the merchant defended the claim on the basis that its terms made it clear for returned items it would offer a replacement not a refund and it was prepared to assist Mr C source a replacement. While I understand Mr C didn't want a replacement but a refund, Lloyds can only progress the request in line with VISA's rules and not based on consumer wishes.

The merchant's defence was enough to mean the chargeback for that claim didn't succeed. The rules do appear to allow merchants to defend chargebacks on the grounds that they have limited return or cancellation policies as long as it's made clear during the transaction.

Where the merchant challenges a chargeback, a bank doesn't have to carry out a detailed investigation into what actually happened to decide which party deserves the money. In fact, most banks won't take a chargeback any further if it's defended. In this case Lloyds decided not to take the dispute any further due to the defence submitted by A. But it did say it would review the matter if Mr C was able to submit further information or evidence.

I understand Mr C says he didn't receive this correspondence, but Lloyds says it did send it and has sent us a copy. While I sympathise that Mr C says he didn't see it, it doesn't look like Lloyds did anything wrong here.

Chargeback is designed to be a simple process to settle complaints. The only matters to be considered are the rules set by the card scheme to which the consumer's card belongs, along with the facts of the case. It is not designed to settle complex disputes or to consider legal arguments.

In this case, Lloyds attempted the chargeback, and it was defended by A by explaining it had acted in accordance with its contractual terms. At this stage, there was little more Lloyds could do without further evidence or information. So, I can't say that Lloyds made any mistake or acted incorrectly by making that decision. It wasn't the case for example that the merchant's defence was noticeably poor or lacking in credibility.

As Mr C didn't reply within 10 days, and Lloyds is now out of time to progress the chargeback any further, it is too late for Mr C to make any additional arguments such as his concerns over A being unable to source the specific type of engine he requires. It's important to bear in mind that the timeliness rules are set by the cards scheme operator and not Lloyds.

I want to make it clear that I am not making any findings as to whether Mr C's claim against A has any merit – or whether it breached its contractual terms etc. I sympathise with Mr C's position after having returned the item and not received either a refund or replacement. But as explained above, I am not looking at a complaint against A, so I cannot assess whether its behaved reasonably. I can only assess whether Lloyds has progressed Mr C's chargeback claim reasonably, in accordance with VISA's rules and I think it has. It correctly identified the reason code to request the chargeback, it requested the chargeback and the merchant defended it. Lloyds doesn't seem to have made any errors in this regard.

I'm persuaded that Lloyds took the claim as far as it reasonably could've done given the merchant's defence. So, in view of this, there's nothing more that I would've expected Lloyds to do. While I am sorry to hear Mr C is unhappy, I don't think Lloyds made any errors when it considered his chargeback claim. So, I don't think Lloyds' response to his request for a refund was unreasonable and I don't ask it to do anymore.

### Poor communication

I appreciate Mr C is adamant that the communication from Lloyds has been poor and this caused him to suffer loss but I'm afraid I don't agree. The initial email informing Mr C that it had credited the disputed amount of £1,284 while it investigated his dispute was clearly set out as *temporary* – at no point had Lloyds indicated that this was a permanent refund and that the matter was closed. It notified him that the merchant could reply, and it would contact him if it did to discuss matters further. This is also standard practise when investigating a dispute of this type.

On 30 August 2022, Lloyds notified Mr C that the merchant had replied and defended the refund request and gave him the option to submit further evidence and information but to do so within 10 days. Otherwise, it would re-apply the disputed amount to his account. This was set out clearly under the heading **“Please get in touch in the next 10 days if there’s new information for us to consider”**.

Although I understand Mr C says he didn't see this email, I think Lloyds gave him clear information and an opportunity to progress matters further. It also notified him of its intention to reapply the credit after 10 days had elapsed, and it went on to do so promptly on 14 September 2022. So, I think the information was likely sent to him and it was clearly set out.

I understand emails can get deleted accidentally or there may be an array of different reasons why Mr C didn't see the email from August 2022. I don't disbelieve him. But I can only uphold his complaint if I found that Lloyds had acted unfairly, unreasonably or has made any errors. Mr C seems to be using the email address as his preferred method of contact and is receiving emails so I can't see that Lloyds has acted incorrectly. So, I don't think there's sufficient evidence here that the communication from Lloyds has been poor in this case.

I would add that Mr C has mentioned he has different learning needs, and he has struggled to communicate with Lloyds. Mr C is able to discuss his needs with Lloyds to see if any adjustments need to be made to help him better communicate going forward. But as he provided the email address for Lloyds to use to communicate with him, and that's what Lloyds used, I don't think Lloyds has acted unfairly by communicating with him in that manner.

### **Summary**

Overall, I'm satisfied that Lloyds progressed Mr C's request for a refund reasonably and in line with VISA's rules – which is all it can do in this type of dispute. It is not for Lloyds to investigate the merits of Mr C's request for a refund against A, it is simply able to follow VISA's rules to request the refund which it did do. This was successfully defended by the merchant in line with the card scheme rules – so I don't think Lloyds did anything wrong by not pursuing the matter further based on the information and evidence available to it at the time. Lloyds was unable to pursue the matter further when Mr C contacted it in November 2024, as it says it was out of time under VISA's rules. I think it's important to make clear that these rules are written and enforced by VISA, not Lloyds, so it cannot make exceptions for consumers.

I don't think there's sufficient evidence that Lloyds' communication regarding this matter was poor – I think it dealt with the dispute promptly, in line with the card scheme rules and provided clear information to Mr C and sent the communication to the email address Mr C provided. So, for the reasons explained, I do not uphold this complaint.

**My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 11 September 2025.

Asma Begum  
**Ombudsman**