

The complaint

Ms R complains that Lloyds Bank PLC (Lloyds) has treated her unfairly regarding a transaction made on her debit card for beauty products.

What happened

On 8 April 2025, Ms R made a purchase for various beauty products with a total cost of £61.78 from a retailer who I'll call L. Ms R paid for the items using her Lloyds debit card. Ms R states the only reason she made the purchase was because L had a limited time promotion in which it offered a free beauty bundle worth £100 on every order made on its website worth £60 or more.

Ms R received the goods she paid for but did not receive the free beauty bundle. Ms R was in conversation with L about this issue but as she had no success, she raised a payment dispute to Lloyds on 22 April 2025.

Lloyds reviewed the claim and said it could not raise a chargeback dispute for Ms R. It said under the Visa dispute rules, it could not raise a chargeback solely for missing free items and a claim could only be considered if the full order was returned to L. In the meantime, Ms R continued to pursue L through other avenues and it resolved the issues she had with it directly.

Miss R brought her complaint to our service. She said Lloyds should have raised a dispute under the reason code 'Goods and Services Not as Described'. Lloyds failed to understand that she was disputing missing promotional items rather than an issue with the goods purchased themselves, and she was forced to repeatedly explain this. She complains that the bank has failed to protect her as a customer and is asking for compensation, written confirmation of the inadequacy of the bank in handling her concerns, the provision of proper training for staff, clear internal guidance for escalating advertising disputes and assurance that her complaint has been used as a learning opportunity.

Our investigator reviewed the complaint and said she didn't think the chargeback rules cover the scenario that Ms R has described as the free gift held no monetary value towards the items ordered. Our investigator said she didn't find Lloyds to have been wrong in suggesting the goods worth £61.78 be returned before a chargeback dispute could be raised, and so she found the claims process was explained appropriately by Lloyds. She further found that the time taken for Lloyds to respond to the claim did not have a significant impact on Ms R so the complaint was not upheld.

Ms R didn't agree with the outcome and asked for an Ombudsman to consider the complaint. She said promotional offers that induce purchase form part of the contractual consideration and the merchant failed to fulfil their obligations once that contract was formed. The reason code 'Goods and Services Not as Described' covers situations where any material aspect of the transaction differs from the merchant's description and so the chargeback should have been raised. She said the goods were not as described and Lloyds failed to treat her fairly. So, the complaint has now been passed to me to decide.

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.

I would like to start by saying that I have provided a brief summary of the events that occurred above. I intend no discourtesy by this and can assure both parties that I have taken all the information provided into consideration when reaching a decision on this complaint.

In this decision, I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point, it's not because I've failed to consider it, but because I don't think I need to comment in order to reach a fair and reasonable outcome. Our rules allow me to do this, and this reflects the nature of our service as a free and informal alternative to the courts.

Chargeback is a voluntary scheme under which settlement disputes are resolved between card issuers and merchants, under the relevant card scheme. A card issuer will review the claim against the possible reasons for a chargeback and look at whether it would be able to make a successful claim for the customer. Card issuers do not have to submit claims and usually will only do so, if it is likely to be successful. We don't expect them to raise a claim if there is little prospect of success.

In this particular case, the relevant card scheme is Visa. Ms R maintains that a dispute should have been raised under reason code 'Goods and Services Not as Described'. This is the same reason code that Lloyds reviewed and decided that it could not raise a dispute on. So, I've taken a closer look at the card scheme rules for this particular reason code as a starting point.

Of all the reason codes provided by Visa for raising payment disputes, this one does best fit the issues Ms R has described and can be used in situations where the goods/services received are different to that which was described. However, the card scheme rules state:

"The Dispute amount is limited to one of the following:

– The value of the merchandise that the Cardholder returned or, if applicable, attempted to return"

Despite having an agreement that stated if she was to purchase an order worth £60 or more, L would provide Ms R with a free bundle worth £100, the value of the purchase on this particular complaint is limited to the amount spent on the card that was used to make the purchase and is subject to the scheme rules – so a dispute could only ever be raised on the £61.78 amount which was spent on the card. Even if a dispute was raised for the amount paid on the card, Miss R received the goods she paid for and there is no dispute concerning their condition so it is unlikely this claim would have succeeded.

The rules further state:

"Before the Issuer may initiate a Dispute, the Cardholder must return or attempt to return the merchandise or cancel the services."

So, Lloyds would only ever be able to raise a dispute under this reason code if Ms R attempted to return the goods, which we know she has not done. Ms R's situation is very specific in that she bought goods which she received. It is the additional promised £100 free bundle which she qualified for with her purchase which was not received. But in being limited to raising a dispute of the value of the merchandise purchased (in which we cannot include the £100) and in needing to have seen a return of the £61.78 worth of goods Ms R

purchased in order to raise a dispute under this reason code, it is unlikely the dispute would have succeeded if raised when matters stood as they did.

It follows then that Lloyds correctly assessed the chargeback rules and decided not to proceed with the dispute when it had low prospects of success. I appreciate Ms R has raised various points about contract law and her rights associated with this. To be clear, I am not saying that L did not make a promise that was reneged on, but rather that unfortunately, the chargeback rules do not allow for a successful dispute to be raised for the specific situation that Ms R is describing. As chargeback was the only way in which Lloyds could consider Ms R's claim, I therefore don't find it has done anything wrong or treated her unfairly in any way.

Ms R has mentioned the service she received during the course of her claim and having to repeat herself in order for her claim to be understood. I can see there was some confusion over chat messaging but as soon as she was passed to the relevant dispute team, her claim was understood, and she was given the right information. I therefore don't find there was any detrimental impact caused to her that Lloyds should make amends for. Her dispute was responded to within a reasonable time frame and the information given was correct.

Ms R has repeatedly mentioned that she would like an apology and for training/information to be given to staff at Lloyds about issues such as this so as not to hamper customer rights. As I don't find Lloyds did anything wrong, I do not find the need to give it such direction. But even if I did find it had done something wrong, this service does not make suggestions regarding a business' own internal procedures and training. We review complaints on a case-by-case basis and attempt to put things right for customers individually.

My final decision

My final decision is that I do not uphold Ms R's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 27 October 2025.

Vanisha Patel
Ombudsman