

## **The complaint**

Miss P complains Lloyds Bank Plc acted unfairly by not refunding a payment she made using her debit card.

## **What happened**

In September 2022, Miss P purchased an item from a company I'll refer to as A. She paid £1,209 using her Lloyds debit card. Miss P says the item she ordered didn't arrive, so she contacted Lloyds for help in getting her money back.

Lloyds raised a chargeback with A, which is a means of asking the merchant for a refund via the card scheme provider. Lloyds also applied a temporary refund of £1,209 to Miss P's account.

Some years later, in 2024, after submitting a Data Subject Access Request (DSAR) to Lloyds, Miss P says she became aware the temporary credit had been reversed in November 2022. This was because A had defended the chargeback in 2022, and Lloyds had made the decision not to pursue the claim further. As a result, Miss P complained.

Lloyds reviewed matters but said it hadn't made an error. It said A provided evidence the item had been delivered, and Miss P hadn't responded to its request for further information. So, at the time it had made the decision not to pursue the chargeback further and recalled the temporary credit. It also explained it was now too late, under Visa's rules to challenge this.

As Miss P remained unhappy she contacted this Service.

An Investigator here reviewed matters and didn't think Lloyds had acted fairly. They said the evidence of delivery A provided was dated before Miss P purchased the item, so Lloyds shouldn't have relied on this to not pursue a chargeback. As such they recommended Lloyds:

- Refund £1,209
- Award 8% basic interest on this amount
- Pay an additional £100 compensation for the inconvenience Miss P has been caused as a result.

Lloyds accepted our Investigator's findings. And while Miss P agreed the payment to A should be refunded, she didn't think this plus 8% interest and £100 fairly compensated her for the prolonged distress, inconvenience and impact on her health the matter had caused. So asked for her complaint to be referred to an Ombudsman, in order to consider the compensation awarded. Miss P also said Lloyds had acted unfairly by not providing notice when the refund was reversed.

As no agreement has been reached, this complaint has 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.

Firstly, I should explain, in this decision I'll only be considering whether Lloyds acted fairly or not in its handling of Miss P's chargeback claim against A, in relation to the payment of £1,209. I say that because Miss P has raised several other complaints with this Service that she says relate to the payment made to A. However, these are separate complaints and not something I can comment on within this decision. Miss P has also since raised further claims with Lloyds, for payments made by card, but these won't form part of this decision either.

As our Investigator has explained, this also means, I cannot take these other issues, dealt with under separate complaint references, into consideration when deciding what fair compensation may be.

I'd also like to say, I am very sorry to hear about the impact this situation has had on Miss P, I can appreciate it's been a very difficult time for her. I'd like to thank Miss P for sharing the details of this with our Service, I've not repeated those here as our decisions are published, but I'd like to reassure Miss P I've taken it all into consideration when coming to my decision.

In this case, Lloyds has already accepted our Investigator's opinion that it should:

- Refund £1,209
- Award 8% basic interest on this amount
- Pay an additional £100 compensation for the inconvenience Miss P has been caused as a result.

Miss P accepted what our Investigator said in relation to refunding the payment made to A. But says the additional compensation doesn't go far enough, given the distress and inconvenience the matter has caused.

As such, all that's left for me to consider within this decision, is whether the compensation our Investigator recommended, and Lloyds has accepted, is fair, or not, to reflect the impact on Miss P.

Miss P made the payment to A in September 2022 and raised a chargeback shortly after. At which point Lloyds issued a temporary credit to Miss P of £1,209.

There's no requirement within the rules to provide a temporary credit, but here Lloyd's made the decision to do so, which seems reasonable.

However, as our Investigator explained, after A defended the chargeback Lloyds didn't receive a response to its request for further information from Miss P, so the temporary credit was recalled. Miss P has said she didn't receive Lloyds' request and wasn't aware the funds had been re-debited, so wasn't able to dispute it sooner. On this point, I've seen an email Lloyds sent Miss P in November 2022 which said:

*"The merchant has provided evidence that the goods have been delivered...  
...If we don't hear from you within the next 10 working days, we'll try to take back the payment we made into your account when you raised your concern..."*

This email was sent to the email address this Service holds for Miss P, so it's not clear why Miss P didn't receive it, but it seems it was sent – as I'd expect. I should also add, while I

understand the account Miss P held has since closed, this happened sometime later, so it's not clear why Miss P wasn't aware the funds had been reversed at the time.

However, whether Miss P did or didn't receive the email or was aware or not, doesn't change the outcome here. I say that for several reasons, firstly because Lloyds has now agreed to refund the payment, plus 8% simple interest (for the time Miss P was deprived of the funds). But I must also take into account that Miss P says she wasn't aware the funds had been re-debited until 2024, when she raised a DSAR and ultimately complained. So, it's difficult for me to see how the impact caused solely by Lloyds' error in relation to this chargeback, affected Miss P for the period she says, given she says she wasn't aware of it until 2024.

Lloyds has agreed to pay 8% simple interest on £1,209 and that seems reasonable. Because based on the evidence available A didn't provide confirmation the item Miss P purchased had been delivered. As such, had Lloyds done as I'd expect at the time, Miss P's chargeback would have had a reasonable prospect of success in November 2022. So it's right she's compensated for being without these funds during the time and 8% is in line with how our Service awards compensation for periods where a customer was deprived of the use of their money.

In addition, Lloyds has also accepted our Investigator's recommendation to pay £100 distress and inconvenience. As explained, Miss P doesn't think this is sufficient, so I've gone on to consider that further.

Miss P has said the situation has had a significant impact on her health, because of the stress and anxiety caused. She's also told this Service details of other impacts the matter has had on her personal circumstances – which I was very sorry to hear about. When considering impacts such as this, I'd need to be persuaded that any ill-health or impact was caused by Lloyds, and solely in relation to the chargeback claim made to A. But I haven't seen that to be the case here.

While I can appreciate it's been a particularly difficult time for Miss P, in this decision I can only consider the impact caused as a result of Lloyds' handling of the chargeback claim to A. Not the impact caused as a result of other issues Miss P has experienced. Here, I've concluded Lloyds didn't do as I'd expect and as a result Miss P was put to some inconvenience in having to raise matters with it, but for this I think £100 is suitable.

Overall, having considered that Lloyds has agreed to refund the payment made to A, plus 8% simple interest, and Miss P says she only became aware it had re-debited her account in 2024, I think £100 in addition to £1,209 plus 8% simple interest fairly resolves matters here.

For completeness, I'm aware Miss P has referred to other decision issued by this Service, which she's pointed to, to say further compensation should be awarded. Firstly, I should say, these decisions relate to different products, so there would be differences. But in any case, I must look at every complaint individually and on its own merit as individual circumstances can result in different outcomes. And here, having done that, I think a refund of the payment made to A, plus 8% simple interest and £100 compensation fairly resolves matters, for the reasons explained above.

### **My final decision**

I uphold this complaint and require Lloyds Bank Plc to pay Miss P:

- £1,209, this being the amount of the transaction made to A
- To this amount, add 8% simple interest per year\*, calculated from the date of reversal to the date the refund is paid

- An additional £100 compensation to reflect the non-financial impact on her

\* If Lloyds Bank Plc considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss P how much it's taken off. It should also give Miss P a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 13 March 2026.

Victoria Cheyne  
**Ombudsman**