

The complaint

Mr C is unhappy with how Lloyds Bank PLC (Lloyds) handled a refund claim he made.

What happened

Mr C used his Lloyds credit card to purchase a digital piano from a supplier I shall call 'D' in January 2025 to the sum of £2,165.00. He discovered external cosmetic damage on delivery and raised this with D, who subsequently offered £433.00 as a partial refund to address the issue.

Unfortunately Mr C also discovered the following month that there was an unusual internal mechanism noise and raised this with the piano manufacturer who I'll refer to as 'G'. G initially offered to replace the piano under warranty but after discovering it had suffered damage on delivery stated that the warranty claim was no longer valid.

They therefore directed Mr C back to D and said they were now responsible for the goods as there was a possibility of damage to internal components that occurred at delivery.

D confirmed they'd accept a return of the goods for a replacement but this would mean resettling the £433 refunded for the original cosmetic damage. Mr C didn't agree and said that as the original refund related to a separate issue, he was entitled to a replacement without a £433 deduction of the refund already made.

As the matter remained unresolved, Mr C contacted Lloyds to raise a Consumer Credit Act 1974 (CCA) Section 75 (S75) claim against Lloyds for what had happened. Lloyds considered his claim and said accepting a replacement and still retaining the £433.00 would place Mr C in a position of financial advantage and therefore was unfair. Mr C didn't agree and said the original refund shouldn't be a factor when considering the replacement for the subsequent issue. He therefore brought his complaint to this service to consider.

Our investigator reviewed the available evidence and reached the same conclusion as Lloyds. They said that the offer from D was fair with mind to the original refund being repaid and didn't think Lloyds had done anything wrong in the consideration of his S75 claim.

Mr C didn't agree and asked for an ombudsman to issue a final decision on the matter.

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've read and considered the evidence submitted by the parties but won't comment on it all – only the matters I consider to be central to this complaint. This isn't intended as a discourtesy but reflects my role in resolving disputes informally.

It's important to note that Lloyds aren't the provider of the goods here – so in deciding what is fair and reasonable, I'm looking at their role as a provider of financial services. In doing so I note that because Mr C paid for this transaction using a Lloyds credit card, both chargeback and a S75 claim could've been available. However, I won't be commenting on chargeback here as Mr C's claim has already been considered under S75 which is generally broader in scope and so an appropriate avenue of redress. I also think the main point of contention is the refund already given and whether it's fair this is repaid.

I'll briefly explain that S75 provides that in certain circumstances the borrower under a credit agreement has an equal right to claim against the credit provider if there is either a breach of contract or misrepresentation by the supplier of goods and services.

To assess a valid claim, Lloyds would've needed to consider all relevant evidence for the alleged breach of contract or misrepresentation. But for there to be a valid claim under S75 there are certain technical requirements and I'm satisfied they've been met here.

In addition all parties agree there has been a breach of contract as D has already agreed to accept the piano back. The question then remains of what the most appropriate remedy would be here.

As both parties accept a remedy is due, the Consumer Rights Act 2015 (CRA) isn't central here. The Act doesn't answer whether a partial refund must be returned before a further remedy can be provided - so it doesn't resolve the financial betterment concern this decision turns on.

I also note that G declined a warranty claim due to the damage suffered during transit and felt D would be responsible for addressing the issue as they made the original delivery. I won't be commenting on the warranty claim as that is beyond the scope of this decision - which focuses on the S75 claim and whether Lloyds acted fairly.

However, I do note G's comments and this suggests the cosmetic and internal issues may not have been independent and possibly arose from the same delivery-related damage.

I consider then that while there was a refund offered for the cosmetic issues at a 20% reduction, I don't think it can be easily separated from the second issue which may have stemmed from the same initial damage. In addition, the usual remedy for a breach of contract under S75 would be to address the impact and place the consumer back to where they'd have been if the issue hadn't occurred.

In this case it would mean a return and replacement of the faulty goods. But considering a partial refund was already issued for the cosmetic damage, I don't think would be fair for Mr C to receive a replacement without the damage and still retain the £433, as this would leave him in a better financial position than before. I therefore can't say Lloyds did anything wrong in their assessment of this claim by accepting D's offer as appropriate.

In summary, it wouldn't be reasonable for Mr C to receive a replacement digital piano or a full refund and still benefit from the prior 20% refund. And while Mr C considers the matters separate, they may stem from the same delivery issue.

I appreciate Mr C will find this disappointing but I won't be asking Lloyds to do anything more.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 30 December 2025.

Viral Patel
Ombudsman