

## The complaint

Mr M has complained Lloyds Bank PLC declined a claim for money back.

## What happened

The parties are familiar with the background details of this complaint – so, I'll only briefly summarise them here. It reflects my role of resolving disputes quickly with minimum formality.

Mr M and his wife booked a packaged holiday through a merchant who'll I'll refer to as R. Unfortunately, Mr M's wife was suddenly taken ill two days before departure – which required her to be hospitalised. So, Mr M contacted R and asked for a full refund of the £1,670.58 he'd paid in total for the holiday they were unable to go on. R agreed to refund £420 but declined to refund the rest. So, Mr M asked Lloyds to raise a chargeback for the disputed amount of £1,250.58.

Lloyds asked Mr M to provide them with more information and evidence to support the claim – which Mr M provided. This led to Lloyds raising a chargeback under Visa dispute condition 13.7 – Cancelled Merchandise/Services. R defended the claim. Lloyds decided the evidence provided by R meant it was unlikely Visa would find in Mr M's favour should they ask Visa to make a final arbitration ruling. Mr M complained to Lloyds about this decision. Lloyds responded by saying they had processed the chargeback correctly, but they acknowledged some of their communications had been poor and it took them a long time to issue their final response to Mr M's complaint. So, Lloyds offered to pay Mr M a distress and inconvenience payment of £400.

Unhappy with Lloyd's response Mr M asked the Financial Ombudsman to consider the matter, saying R had initially said they'd refund the full amount he'd paid. Our Investigator didn't uphold Mr M's complaint. In summary, the Investigator said:

- The evidence provided by R supported they hadn't promised to refund the full amount. Rather they had informed Mr M a cancellation fee would be applied, but they could provide an insurance letter.
- R's booking terms and conditions said:
  - *'It is important that you have sufficient insurance in place to cover you and all other members of your party, including infants and children. Please ensure that you have a valid travel insurance policy in place from the time of booking. You should ensure this provides adequate cover if you need to cancel, require medical attention overseas, or if your return to the UK is delayed'.*
  - Under section 13 – if you cancel your holiday – it says: *'If you need to cancel your holiday booking, you must contact our Customer Service Team (or your travel agent) as soon as possible. If you want to cancel your holiday package and we are not at fault, we will apply a cancellation charge in accordance*

*with the table set out below*.

- If the booking was cancelled within 13 days of departure a 100% cancellation fee would be applied.
- They thought the available evidence meant there was little to no prospect of the chargeback being successful. So, they didn't think Lloyds had acted unfairly when deciding not to take it any further.

Mr M didn't agree with the Investigator's findings, saying, in summary, '*the investigators review focused mainly on the terms and conditions, rather than on the fairness and circumstances of the situation*'. So, this complaint has come to me to make a final 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.

A 'chargeback' is a way for a debit or credit card provider (Lloyds) to reclaim money from the merchant's (R's) bank where there are certain problems with the purchase of goods or services by a consumer (Mr M). It isn't a legal right and there's no guarantee the card provider will be able to recover the money this way. It's a voluntary scheme and the process must follow the scheme rules. As Mr M's card was issued under the Visa brand, the Visa chargeback rules apply here.

The scheme rules are written by Visa. Lloyds must follow the rules – which are strict, and time limits apply. The rules allow the merchant to either accept the dispute or provide evidence in defence of the chargeback. If an amicable conclusion can't be reached, it's Visa who decides the outcome of the dispute – not Lloyds.

What I need to decide here is whether Lloyds processed the chargeback correctly and in a timely manner. Based on what I've seen, I think Lloyds did do so. But I agree that some of the communications Lloyds issued to Mr M were poor. I'll explain why.

### **Did Lloyds act unfairly when deciding not to proceed with the chargeback**

Firstly, I want to say I hope Mr M's wife has made a good recovery. I appreciate it must have been a worrying and difficult time for Mr M. And in the circumstances, I understand why Mr M thinks it would be fair for him to get him get back the money he paid for a holiday he and his wife were unable to go on. But that doesn't mean it would be fair or reasonable for me to say Lloyds should refund that money to Mr M. It's important to note a chargeback is decided solely on the scheme rules – not what may be fair or reasonable.

R decided they were only willing to make a partial refund of the total amount Mr M paid. This isn't something Lloyds had any control over – neither Lloyds nor this service regulates R. As Mr M paid for the holiday using his debit card the only means Lloyds had available to help Mr M get more of his money back was for them to raise a chargeback.

As I've explained above the outcome of a chargeback is decided by the scheme provider – not Lloyds. R defended the chargeback. Lloyds decided there was little prospect of the chargeback succeeding if they had chosen to proceed to the next pre-arbitration stage. I think it's fair to say it was likely R would have continued to defend the chargeback. And given the evidence R had provided, I think it was reasonable for Lloyds to conclude it was highly unlikely Visa would have found in Mr M's favour had they been asked to make a final

arbitration ruling. I say this because the terms Mr M agreed to when booking the holiday clearly highlighted that:

- Mr M should ensure he had adequate insurance in place should he need to cancel the holiday for any reason, including ill health.
- Should the holiday be cancelled through no fault of R, then a cancellation fee would be applied, with the amount depending on how soon it was to the departure date.

It isn't in dispute that the holiday was cancelled due to Mr M's wife falling ill. So, while the timing was unfortunate, I can't see how R can be held liable for this. And the evidence supports R applied a cancellation charge that had been calculated in accordance with the relevant booking terms and conditions.

For the reasons, I've explained above, I consider Lloyds acted fairly when deciding not to pursue the chargeback any further at the point they made this decision. So, in all the circumstances, I think Lloyds processed the chargeback correctly and in line with the scheme rules. In turn, this means, I don't consider it would be fair or reasonable for me to instruct Lloyds to pay Mr M all or part of the disputed amount.

### **Communication**

Lloyds acknowledged in their final response that, on occasion, the communications they provided to Mr M about the chargeback were poor. I agree some of the communications ought reasonably to have been more informative and provided sooner. Lloyds also apologised for the time it took them to investigate Mr M's subsequent complaint and issue their final response. Again, I agree this took longer than I'd have expected it to take, especially as Lloyds was aware it was a difficult and stressful time for Mr M.

Lloyds offered to pay Mr M £400 for the impact their communication failings had on him. Lloyds says this has now been paid to Mr M. Based on what I've seen, I agree the customer service and communication Lloyds provided to Mr M was, at times, poor. Taking everything into account, I think the £400 Lloyds has already paid to Mr M represents fair compensation for the distress and inconvenience Mr M says he experienced due to the service and communication failings I've explained above.

### **My final decision**

My final decision is that to the extent the offered £400 has already been paid to Mr M, I think this comprises of fair compensation. So, I don't require Lloyds Bank PLC to take any further action in relation to this complaint.

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

Carl Bibby  
**Ombudsman**