

The complaint

Mrs W complains that Lloyds Bank Plc (Lloyds) failed to refund her for an unsatisfactory stay in a holiday villa.

What happened

Mrs W paid for a two week stay in a villa with a company I'll call S, using her Lloyds debit card. When she arrived at the villa Mrs W found that it wasn't clean and that some items such as the window covers were broken. She complained to S about this and during the stay they sent out cleaners, repaired some of the broken items and paid Mrs W £100 in compensation.

Mrs W says the condition of the villa severely upset her autistic son and caused significant distress and disruption to her family's health and wellbeing. She's said that the steps S took didn't fully resolve the issues and they stayed in the villa for the duration of the two weeks because they couldn't get alternative accommodation at such short notice.

On returning home Mrs W raised a chargeback with Lloyds for the full cost of the stay in the villa. However, Lloyds declined to raise the chargeback saying it was unlikely to succeed based on what Mrs W had told it.

Unhappy with Lloyds response to her claim and the service she'd received Mrs W raised a complaint. Lloyds reviewed things again but felt it had acted fairly both in its decision not to raise the claim and in the service it had provided.

As Mrs W remained unhappy with Lloyds' response, she referred the case to this service where her complaint was considered by one of our investigators. They came to the view that Lloyds hadn't acted unfairly in declining the claim or in the service it provided.

Mrs W didn't agree with our investigator's view, so her complaint has been passed to me for review and 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.

I think it would be helpful for me to be clear here that I am only considering the actions of Lloyds in this case.

The transaction Mrs W disputed was made using a debit card rather than a form of credit, such as a credit card. So, Mrs W isn't entitled to make a claim for misrepresentation or breach of contract under section 75 of the Consumer Credit Act 1974. Given this, I think Lloyds acted reasonably by only considering the chargeback process.

Chargeback claims

Chargeback isn't a legal right and isn't guaranteed to get a customer a refund. That said it's good practice for a bank to attempt a chargeback where the circumstances are appropriate and there is a reasonable prospect of the claim succeeding. Strict rules apply to chargebacks, and these are set out by the card scheme operator (in this case VISA) rather than the bank who have to abide by these strict rules. These rules include timeframes for chargebacks to be raised, and details of what criteria need to be met for a claim to be successful.

To help me understand whether Mrs W had a claim that had a reasonable prospect of success, I've considered the relevant chargeback rule – services not as described or defective – alongside the evidence Mrs W has provided.

Under the rules set by VISA, for a dispute relating to services not being as described or defective, the customer must have attempted to resolve the dispute with the merchant and attempted to cancel the service. The rule also says the dispute amount is limited to the unused portion of the cancelled services. Looking at what happened, I can see Mrs W did attempt to resolve the issues with S, but there is no evidence that she attempted to cancel the service, and she has said that she stayed in the villa for the full two weeks. So, there was no unused portion of a cancelled stay in the villa.

I understand what Mrs W has said about a lack of alternative accommodation, but there are no exceptions under the rule. So, whilst I understand how frustrating it must be, Mrs W's claim doesn't meet the criteria set out under the relevant chargeback rule. Given this, I don't think it was unreasonable of Lloyds to conclude that the claim didn't have a reasonable prospect of success. It follows then that I don't think Lloyds acted unfairly when it declined to raise Mrs W's claim.

I would like to stress that I have read Mrs W's testimony on how the poor state of the villa impacted her and her family. I don't doubt this was the case and I'm very sorry to hear of this. But my role here is to decide whether Lloyds have acted unfairly in its application of the chargeback process. Whilst I fully appreciate how disappointing this will be for Mrs W, on the evidence available I'm not persuaded Lloyds acted unfairly in not pursuing the claim.

Customer service

I've reviewed the communication between Lloyds and Mrs W, and I can see she was frustrated with the process. However, I think Lloyds dealt with her queries quickly, asked relevant questions and provided a response to her dispute in a clear way. I do appreciate Mrs W is unsatisfied with the overall experience but having carefully reviewed things I'm not satisfied that Lloyds has acted unfairly here.

My final decision

My final decision is that I don't uphold this complaint.

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

Charlotte Roberts
Ombudsman