

## The complaint

Mr K complains Lloyds Bank Plc has acted unfairly by not refunding a payment made using his credit card account.

## What happened

In April 2025 Mr K made a payment to a hospitality company I'll refer to as F, to provide bar services at an event. Mr K paid £1,200 using his Lloyds credit card on 2 April 2025.

Mr K says it was agreed during several phone calls that F would set up the bar on 4 April 2025, for an event the next day. However, on 3 April 2025, F said it was unable to do this and offered to set up the bar on 5 April 2025 – the day of the event. Mr K says this wasn't suitable, so cancelled the agreement and asked F for a full refund.

F didn't issue a refund, so Mr K contacted Lloyds for help in getting his money back.

Lloyds initially told Mr K to contact F again, but as it still refused to issue a refund, Lloyds raised a chargeback. This is a process of asking the merchant for a refund via the card scheme provider – Mastercard in this case. Lloyds also provided a temporary credit of £1,200 to Mr K's account.

F defended the chargeback, saying it didn't agree a refund was due as the service and delivery was denied by the customer, despite alternatives being offered. And this was against its cancellation policy.

Lloyds shared this response with Mr K, who provided further information, which he considered evidenced F had failed to provide the service paid for. Lloyds reviewed this but made the decision not to pursue the chargeback claim any further. It said, F had provided evidence it attempted to provide the service and the amount paid was non-refundable. It also removed the temporary credit from Mr K's account.

Mr K disputed this and considered Lloyds were liable for a breach of contract under Section 75 of the Consumer Credit Act 1974 (CCA). Lloyds went on to review the claim under section 75, but explained as the contract with F was in the name of a third party, who I'll refer to as Ms G, and not Mr K, it was unable to consider the claim under section 75. Lloyds didn't change its position after Mr K complained, so he referred the matter to this Service.

An Investigator here reviewed matters, but didn't think Lloyds had acted unfairly. They said, Lloyds had pursued a chargeback as far as it reasonably could, but it was unsuccessful. And although Mr K had made payment to F, as a separate party had entered the contract with it, Lloyds were not liable under section 75. As such, they said Lloyds had acted fairly.

Mr K didn't agree, in summary saying Lloyds had not explained the difference between a chargeback and section 75, which has been detrimental in his ability to pursue F through court. He also considered Lloyds to have breached its requirements under Consumer Duty, saying had this been explained, he would have insisted the claim be treated as section 75 from the start. Mr K also said a separate party arranging the contract with F was merely a

technicality and should not prevent a section 75 claim being successful. He also didn't consider it reasonable our Investigator had raised this point, when neither Lloyds or F raised this issue previously.

Our Investigator explained that Lloyds had done as we'd expect by pursuing both a chargeback and section 75 claim and didn't consider Mr K had been caused detriment as a result. They also didn't think it was necessary for Lloyds to provide a detailed explanation of the process, in the way Mr K expected. Overall, they didn't think this changed their outcome.

As no agreement was reached, the complaint was passed to me to decide.

I issued a provisional decision, explaining why I didn't intend to uphold this complaint. In this I said:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*In doing so, I've taken into account the relevant industry rules and guidance, including Consumer Duty and what would be considered as good industry practice.*

*I think it would be helpful to explain, in this decision I'm only able to consider how Lloyds handled the dispute Mr K raised with it. I'm not able to consider the actions of F, as that isn't within the jurisdiction of this Service for these types of complaints.*

*Mr K has said Lloyds failed to initially consider his claim under section 75, which he'd insisted it do. He's also complained that by considering a chargeback, which was ultimately unsuccessful, it has jeopardised his ability to pursue F through the courts.*

*On this point, I would expect Lloyds to consider whether it could help Mr K achieve a refund through both a chargeback and a claim under section 75, as it did here. That's because when a consumer approaches their credit card issuer with a problem with a purchase made using their card, there are two ways it can help. So it's reasonable Lloyds considered both potential avenues for Mr K to receive a refund.*

*The card issuer can try to reclaim the amount (or part of the amount) the consumer paid on their card, via the dispute resolution mechanism operated by the card scheme (Mastercard in this case), and which is often known as "chargeback". Where the payment has been made using a credit card, it can also consider honouring a claim under section 75 of the CCA.*

*I should also say it's reasonable Lloyds attempted a chargeback in the first instance, before then considering whether a claim could be made under section 75. That's because a chargeback is generally considered a quicker method of obtaining a potential refund, and has stricter and shorter timeframes than claims made under section 75. And, as I will go on to explain, it's not always the case that a claim meets the requirements under section 75. I also don't consider Lloyds has caused Mr K any detriment in attempting to obtain a refund under either mechanism or the order in which it did so.*

*I will consider each of these mechanisms in turn below.*

## Chargeback

*Chargebacks are not guaranteed to succeed; the recipient of the funds (F in this case) can choose to challenge or defend a chargeback if it doesn't think it is valid. But I would expect Lloyds to attempt a chargeback if there was a reasonable prospect of success, as it did here. If a chargeback is challenged by the other side to the dispute, I would expect Lloyds to look*

*carefully at the submissions made by the other side and make a decision on whether to continue pursuing the chargeback. I would not expect Lloyds to pursue it further if the submissions showed it no longer had a reasonable prospect of success.*

*In this case Lloyds did as I'd expect and pursued the chargeback, it seems it did so under reason code "Goods or Services were either Not as Described or Defective". This seems reasonable as Mr K selected this option when raising a chargeback and says F didn't set up the bar on the day he requested. Instead it offered to do it on the day of the event, which Mr K refused. Essentially, he says the service he paid for did not conform to its description.*

*F defended the claim, saying it had offered to set up the bar on the day of the event, but Mr K had refused. It also said no refund was due, as per its terms and conditions. It provided Lloyds a copy of its terms and conditions, an invoice and documentation to show 4 April 2025 was the "Earliest Delivery Date".*

*Generally, Lloyds' process is to share any defence it receives with its customer, as it did here. That seems reasonable as it gave Mr K an opportunity to provide any further evidence – which he did. Mr K provided testimony from the person he'd asked to arrange the bar service, Ms G. This set out that following the online enquiry, Ms G had numerous phone calls with F explaining the requirement for set up to be completed on 4 April 2025. He also provided emails between F and Ms G, which said:*

*"You mentioned on the phone you'd be there on Friday [4 April 2025]"*

*Mr K explained due to restrictions at the venue it wasn't possible for set up to happen on the day. He also noted the invoice was dated several weeks after the event was due to be held – 24 April 2025. And that he'd not been sent a copy of this previously, or agreed to the terms and conditions.*

*Lloyds reviewed this but made the decision it was unable to pursue Mr K's chargeback claim any further, which seems reasonable.*

*I say that because here Lloyds was presented with two versions of events. Mr K's that F would set up the bar service on 4 April 2025 and F's that this was the earliest delivery date – but that it could set up on the day, before the event started. Lloyds wasn't present at the time the phone calls took place, and hasn't been provided with a copy of these, so isn't able to confirm what was said. Rather, it must consider whether the evidence it has is sufficient to demonstrate the chargeback would succeed against the scheme rules. And while I have no reason to doubt what Mr K has told us, I don't think Lloyds was unreasonable in deciding it didn't have enough to pursue the chargeback further. The evidence available doesn't show delivery was guaranteed the day before, rather this was the earliest delivery date, and F didn't refuse to set up before the event.*

*In addition, having reviewed F's terms and conditions these say:*

*"In the event of cancellations, 14 days' notice is needed via email or telephone before the event is due to avoid any extra fees being charged unless otherwise agreed with your events manager."*

*"Late Booking with 7 days below advance notice are not refundable once paid."*

*Based on these terms, it doesn't appear Mr K was entitled to a refund in any case. He cancelled the day before the event, and booked less than seven days before. Even though Mr K says he didn't agree to these terms, in making payment to F it would be reasonable for them to be taken into account when considering a claim under chargeback and were*

available on F's website. As such, I don't think there was a reasonable prospect of success for this reason either.

Based on the evidence available, had Lloyds continued to pursue the chargeback further I don't think there was a reasonable prospect of success. That's because the documentary evidence available doesn't confirm set up would be on 4 April 2025, instead it says this is the earliest delivery date available. It also shows F still offered to arrange the service, before the event. So, taking into account the rules set out by Mastercard, I don't think Mr K's testimony would have been sufficient, considering F's defence, for the chargeback to have a reasonable prospect of success, had Lloyds pursued it further. As such, I don't think Mr K has lost out as a result of it not doing so.

Given this, Lloyds did as I'd expect and pursued the chargeback claim as far as it considered it could. It did so under the relevant reason code, but based on the evidence available, it made the decision not to pursue the matter further, which seems reasonable. As the chargeback was ultimately unsuccessful, it's also reasonable it removed the temporary credit applied to Mr K's account. Overall, I therefore plan to say Lloyds hasn't acted unfairly here.

## Section 75

As Lloyds was unable to obtain a refund for Mr K under the chargeback process, it's reasonable it then went on to consider his claim under section 75. And, as explained, because these mechanisms are separate it's also reasonable it first considered a chargeback, before then considering a claim under section 75.

Here, Lloyds considered whether it was able to raise a claim under section 75, but says as certain conditions weren't met it was unable to do so. As such, I've considered what more likely than not, would have happened had it done so, based on the information available.

Section 75 of the CCA allows consumers who have purchased goods or services using a credit card, to claim against their credit card issuer in respect of any breach of contract or misrepresentation by the supplier of those goods or services, so long as certain conditions are met.

One condition which needs to be met for section 75 to apply, is the claim must relate to an item with a cash price of over £100 and no more than £30,000. Here, Mr K paid £1,200 so that conditions been met.

A further condition that needs to be met, is that there needs to be what is known as a debtor-creditor-supplier ("DCS") agreement in place. What that means is for someone to make a valid section 75 claim against their credit card issuer, the creditor needed to have funded the payment made in return for the provision of the goods or services under the contract in question.

Lloyds explained to Mr K in its final response as the agreement with F was entered into by Ms G, but paid for by Mr K, it was unable to pursue a claim under section 75. Our Investigator agreed with this so didn't think Lloyds had acted unfairly.

On this point, I don't think it's as clear cut as our Investigator says, so I've gone on to consider the matter further.

A DCS agreement is defined in section 12(b) of the CCA as follows:

"a restricted-use credit agreement which falls within section 11(1)(b) and is made by the creditor under pre-existing arrangements, or in contemplation of future arrangements,

between himself and the supplier...”

Section 11(1)(b) of the CCA says that a restricted-use credit agreement is a regulated credit agreement used to ‘finance a transaction between the debtor and a person (the ‘supplier’) other than the creditor [...] and “restricted-use credit” shall be construed accordingly.’

*Here, Mr K had the credit relationship with Lloyds, because he used his credit card to pay for the service, so he was the valid ‘debtor’. Lloyds was the ‘creditor’ and F was the ‘supplier’. For there to be a valid DCS agreement, I would need to be satisfied that Mr K contracted with F.*

*The paperwork available, including an enquiry form, emails, text messages and invoice are all in Ms G’s name. Mr K has also said it was Ms G who spoke to F on the phone and he didn’t communicate with F before the event. So, on the face of it, it doesn’t appear the necessary DCS agreement was place here.*

*However, I’ve also considered what Mr K has said about Ms G acting as an agent on his behalf, to enter the contract.*

*Generally speaking, an agency agreement is where one person is authorised by another to act on their behalf. Here Mr K has said Ms G was acting on his behalf to arrange the event and as such, it could mean there was the necessary agreement in place to mean Mr K could make a claim against F, and subsequently a like claim under section 75 claim against Lloyds.*

*I say that because, there isn’t always a requirement for an agency agreement to be disclosed. And while I’ve not seen within the documentation available this was made clear to F, given the nature of what was being arranged, it’s difficult for me to see how it would not have been explained that Ms G was making the booking on behalf of someone else.*

*I should also say, in this case, a signed contract isn’t available and the invoice F provided Lloyds was dated after the event. But considering the information that is available, I’ve not seen anything in F’s terms and conditions that would exclude Ms G from acting on Mr K’s behalf, and in fact have noted F’s terms allow for it. So it’s difficult for me to say that the necessary DCS agreement isn’t in place here.*

*Taking all of this into account, it’s a little ambiguous as to whether the payment Mr K made met the requisite technical agreement, or not. As it could be argued Ms G was acting as an agent on behalf of Mr K.*

*However, I don’t think that whether there is a necessary DCS agreement in place here makes a difference in this case. That’s because in order to uphold this complaint, I’d also need to be persuaded there had been a misrepresentation or breach of contract by F. But I’ve not seen that to be the case, I’ll explain why.*

#### Misrepresentation

*For the purposes of this case, a misrepresentation is a false statement of fact which induces another party into a contract which leads them to suffer a loss.*

*On this point, Mr K has said it was agreed set up would be the day before the event, but this didn’t happen.*

*Having looked at the evidence available, I don’t think there’s sufficient persuasive evidence to say F agreed set up would definitely be the day before, and as such misrepresented the*

service. Rather it seems more likely than not it explained it would attempt to set up the day before, but it may not be possible. I say this because, firstly, the booking form lists “Earliest Delivery Date” – this doesn’t confirm a definitive delivery date. Under this section F’s website goes on to say:

“For equipment and stock only, this will be confirmed the week of the event officially if not before if the delivery is flexible (Open Delivery)”

F later explained in an email, due to the event being a late booking, it had stated delivery/collection needed to be “open delivery”.

It also appears final confirmation of the order wasn’t made by Ms G until 3 April 2024 – at which point F asked whether delivery could be made on the day of the event. While I note on that day, Ms G said:

“You mentioned on the phone you’d be there on Friday [4 April 2025]”

She’s also explained within the testimony that, when asked by F whether it could delivery on the day of the event, she didn’t think it would be possible – but would need to double check with the venue. Suggesting the delivery and set up date may still be in discussion.

Taking all of the above into account, while I’m persuaded Ms G likely asked F for delivery and set up, the day before the event, I haven’t seen enough to say this was agreed or promised by F, before Mr K made payment. Which I’d need to see in order to say there’d been a misrepresentation for the purposes of section 75.

As such, because I haven’t seen sufficient persuasive evidence there was a misrepresentation in this case, for the purposes of section 75, had Lloyds gone on to consider Mr K’s claim I don’t think it would have been acting unfairly in declining it.

I’ve therefore gone on to consider whether there has been a breach of contract.

Breach of contract

A breach of contract occurs when one party to the contract fails to discharge its obligation to the other. These obligations may come about as a result of the express term of the contract, or because of terms implied by legislation.

Here, I’ve not seen that there was a formal contract, and as explained the invoice is dated after the event. But in any case, this doesn’t set out when the expected delivery and set up date was. It only lists the event date as 5 April 2025. So, the fact it was dated after, doesn’t change the outcome here.

While there are emails between Ms G and F arranging the event, there is nothing within this to confirm delivery and set up would be 4 April 2025. As such it’s difficult for me to say there has been a breach of contract based on the information supplied.

While a claim under section 75 can, on occasion, take into account terms implied by the Consumer Rights Act 2015 (CRA), I don’t think that would result in a different outcome either. I’ve considered whether it’s more likely than not this was agreed by F during the phone calls Ms G had, set up would definitely be the day before. But as explained above, but I haven’t seen enough to say it was. That’s because, the event was a “late booking”, which F say in its terms and on its website warrants “open delivery”. And Ms G didn’t place the order until 3 April 2025 – at which point F explained set up would need to be on the day of the event.

*As a result, I haven't seen enough persuasive evidence F failed to provide the service in accordance with the agreement.*

*I've also thought about whether F breached any part of the contract, by not providing Mr K a refund upon cancellation. However, F's terms and conditions say:*

*"In the event of cancellations, 14 days' notice is needed via email or telephone before the event is due to avoid any extra fees being charged unless otherwise agreed with your events manager."*

*"Late Booking with 7 days below advance notice are not refundable once paid."*

*Mr K booked and cancelled the service with F, within seven days of the event, therefore, given its terms and conditions I don't think there's been a breach of contract for this reason either.*

*As I haven't seen anything that amounts to a breach of contract, I don't think Lloyds would have been unfair in declining a claim, under section 75, had it considered it.*

#### Customer Service

*Mr K has raised several concerns about Lloyds' handling of his claim. As I've explained above, I think Lloyds acted fairly in how it handled both the chargeback and section 75 claim and did so in the way I'd expect.*

*I don't think it was necessary for Lloyds to explain in further detail than it did, the reason it attempted a chargeback before considering the claim under section 75.*

*While Mr K considers Lloyds should change its processes, that's not for this Service to decide. I can only consider whether it's acted fairly and reasonably in the way it's handled Mr K's claim under chargeback and section 75 and based on everything I've seen, I think it has.*

#### Conclusion

*Overall, while I appreciate this will come as a disappointment to Mr K I don't think Lloyds has acted unfairly here. It pursued Mr K's claim under chargeback as far as it reasonably could but based on F's defence, it made the decision not to pursue it further. And that seems reasonable for the reasons I've explained. And, while it's not clear whether Mr K's claim met the necessary technical requirements in order for there to be a valid section 75 claim, I've also not seen enough persuasive evidence that set up the day before the event was promised. The crucial evidence in this case was during telephone calls, but I've only got testimony of what was discussed during these. And considering this testimony alongside the documentary evidence, I've not seen enough to say there has been misrepresentation or a breach of contract in this case. As such, I don't plan to ask Lloyds to take any action here."*

#### **Responses to my provisional decision**

I invited both parties to respond with any further points or evidence they wanted me to take into account before I issued my final decision.

Neither party responded to my provisional decision, by the deadline I set, so I've continued to final decision based on the information previously provided.

### **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.

Having done so, I've reached the same outcome as set out in my provisional decision.

Lloyds pursued a chargeback claim for Mr K as far as it reasonably could, but given F's defence it decided it couldn't take the matter further, which seems reasonable.

Although it's not clear whether Mr K's claim met the technical requirements for there to be a valid section 75 claim, I haven't seen persuasive evidence to conclude there was a misrepresentation or breach of contract by F in any case.

Taking everything into account, and for the reasons explained above, I think Lloyds has acted fairly and as such, I won't be asking it to take any action here.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 8 January 2026.

Victoria Cheyne  
**Ombudsman**