

## The complaint

Mr N complains about that Lloyds Bank PLC (Lloyds) has treated him unfairly when reviewing his chargeback dispute.

## What happened

In June 2025, Mr N used his Lloyds debit card to pay £684.99 to a merchant (B). The payment was made for a block of 20 driving lessons. B says it passed the payment amount on to a driving instructor (X) who was to deliver the services.

Mr N says he faced numerous issues whilst attending his lessons in June and August 2025. He says X repeatedly shouted at him, used foul language, used his mobile phone during the lessons, on occasion ended the hour-long session early by 10-15 minutes, and pressured Mr N into paying for further lessons directly to X in cash. Mr N says the behaviour displayed by X caused him to feel anxious, unsafe, intimidated and caused him to postpone his driving test.

Initially Mr N raised his concerns with B and asked for a refund of the money he had paid towards the lessons. B said Mr N's feedback regarding X would be escalated, kept on X's permanent file and considered in all internal reviews. B said it would like to discuss this matter with X but as Mr N was uncomfortable with this, B said it could not review matters further. B also advised Mr N to raise his concerns with the Driving and Vehicle Standards Agency (DVSA). Regarding the refund and amount taken in cash, B said the full payment had been sent to X and its instructors are self-employed, so they are able to take cash for lessons.

Mr N raised a complaint to the DVSA, and it said that the actions Mr N has described are not what it would expect. It asked for permission to investigate the matter by contacting X. It further said Mr N's complaint would be added to the register.

Mr N then brought his dispute with Lloyds in September 2025. Lloyds said it could only raise a dispute through the Visa chargeback rules and as there is not a category for this type of situation, Mr N should go back to the merchant to discuss this again. Mr N raised a complaint about the matter, but Lloyds found it had treated Mr N's dispute fairly.

Mr N brought his complaint to our service. Our investigator said he had looked at the Visa rules. He said as the service had been provided, but Mr N was disputing the quality of the lessons and X's conduct, Lloyds were unable to proceed with the dispute as he found that no chargeback rights exist for the situation Mr N had described. Our investigator therefore did not find Lloyds had treated Mr N unfairly when reviewing his dispute.

Mr N asked for an ombudsman to consider his complaint. He said his complaint was not only about Visa chargeback rights and he wanted us to consider whether Lloyds treated him unfairly as per the regulator standards. Mr N said Lloyds admitted his claim had valid grounds and it had discretion outside of the Visa rules. He further said the Consumer Rights Act 2015 requires services to be delivered with reasonable care and skill. Mr N felt his vulnerability was not fairly considered and the DVSA evidence supplied was not adequately

taken into account in the investigators view. So, the complaint has now 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.

I would like to start by saying that I have provided a brief summary of the events that occurred. I intend no discourtesy by this and can assure both parties that I have taken all the information provided into consideration when reaching a decision on this complaint.

In this decision, I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point, it's not because I've failed to consider it, but because I don't think I need to comment in order to reach a fair and reasonable outcome. Our rules allow me to do this, and this reflects the nature of our service as a free and informal alternative to the courts.

I also think it's worth clarifying that I am unable to comment on the actions of B or X in this decision. I am only able to consider whether Lloyds has acted in a fair and reasonable manner when Mr N approached it for assistance with his dispute. When considering what's fair and reasonable, I'm only considering whether Lloyds acted in line with its obligations as the entity that has issued the card Mr N used to make payment.

Mr N paid for the item using a debit card, so the only available route to obtain a refund from B that Lloyds could facilitate on Mr N's behalf is the chargeback process. Mr N has made mention of consumer legislation such as the Consumer Rights Act 2015, which does give consumers certain rights against a merchant providing goods and services. But Lloyds isn't responsible for helping Mr N to enforce those rights under the relevant legislation. The only way Lloyds could have assisted Mr N is through the chargeback process.

Chargeback is a voluntary scheme under which settlement disputes are resolved between card issuers and merchants, under the relevant card scheme. A card issuer will review the claim against the possible reasons for a chargeback and look at whether it would be able to make a successful claim for the customer. Card issuers do not have to submit claims and usually will only do so, if it is likely to be successful. We don't expect them to raise a claim if there is little prospect of success.

I've reviewed the Visa chargeback rules and in this particular case, I find that as the services were received, the dispute conditions and exceptions listed in the rules mean that Mr N's concerns don't fit neatly into any of the dispute categories. The closest dispute category which fits this situation is "*Not as Described or Defective Merchandise/Services*" which allows for disputes to be raised when a customer is unhappy with the quality of services received. However, the dispute amount for this category is limited to the unused portion of the service. Mr N has said in his testimony that he received the lessons and as such, this dispute category cannot apply. As it is not possible to identify a suitable dispute condition, Lloyds would not have been able to raise a chargeback dispute on Mr N's behalf. I therefore find that Lloyds provided Mr N with accurate information when he attempted to raise a dispute.

In addition, there is little to no evidence to support Mr N's claim were Lloyds to attempt to proceed with a dispute. Both the correspondence from B and the DVSA acknowledge that if the situation was as Mr N described, then the service received would fall below expected standards. But both also said they would need to speak to X to get to the bottom of things and Mr N did not provide permission (for B at least) to conduct these investigations. This means that except for Mr N's testimony, there is no information to support the allegations

made in terms of evidentiary support if a dispute was raised. Having taken all of the above into account, I would not have expected Lloyds to raise the dispute on Mr N's behalf.

Mr N says it is unfair that his concerns have fallen into a "grey area", and he expected greater protection from his bank. He says not fitting into a chargeback category is a process failure and asks whether he has been treated fairly as a result. Although I appreciate these concerns, I must re-iterate that the only potential way in which Lloyds could assist him was through raising a chargeback dispute. Even if it empathised with Mr N for the situation he found himself in, and considered his vulnerability, Lloyds was not obligated to do any more than assess whether it could successfully raise a chargeback dispute on Mr N's behalf – and it did this. Treating customers fairly does not automatically mean reimbursing funds lost when a dispute is raised if there is no legal basis that requires it to do so. Unfortunately, not every scenario where a customer feels wronged by a merchant comfortably fits into the categories set by the chargeback card scheme rules which is what has happened here.

So, having taken all of the above into account, I find that Lloyds treated Mr N in a fair and reasonable manner in deciding not to progress his chargeback dispute.

### **My final decision**

My final decision is that I do not uphold Mr N's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 10 April 2026.

Vanisha Patel  
**Ombudsman**