

The complaint

Ms H is unhappy with how Lloyds Bank PLC (Lloyds) dealt with her chargeback claim.

What happened

The parties are familiar with the background of this complaint, so I will summarise it briefly here, which reflects my informal remit.

In May 2025 Ms H purchased an item costing £265. She returned the item but didn't receive the refund from the merchant.

On 29 May 2025 Ms H contacted Lloyds to dispute the payment. Lloyds applied a temporary credit of £265 and explained how the chargeback process worked. It also explained that the temporary credit would be removed if the merchant was able to show the transaction was valid or if the merchant refunded the payment directly.

On 18 June 2025 Lloyds said it emailed Ms H requesting further information asking her to provide evidence that the merchant had agreed to issue a refund. Lloyds explained that if it didn't receive the requested information within 10 days, it would assume she no longer wished to continue with the claim, and the temporary credit would be removed.

As Lloyds didn't receive the requested information, it closed the dispute and removed the temporary refund on 9 July 2025.

On 10 July 2025 Ms H contacted Lloyds and explained that she had been abroad and provided information from the merchant stating that a refund had been processed on 24 May 2025. She asked Lloyds to reopen the dispute and refund £265.

After receiving this evidence, Lloyds re-opened the dispute, raised a chargeback and reinstated the temporary credit on 31 July 2025. Although the merchant later defended the chargeback, Lloyds continued to pursue the claim. It also updated Ms H by text message on 8 August 2025 with the progress of the claim and set out the next steps of the process.

On 14 August 2025 the merchant refunded Ms H. On 3 September 2025 Lloyds sent Ms H a text message explaining that the merchant had now refunded the payment and that, as the matter had been resolved, the temporary credit would be removed within 10 days. Lloyds removed the temporary credit again in September 2025.

Ms H had raised a complaint with Lloyds while the chargeback claim was ongoing. Lloyds issued its final response on 19 September 2025 and didn't uphold the complaint explaining that it hadn't made any errors.

When the case was referred to our service, an investigator considered the case but didn't uphold it. They concluded that Lloyds had handled the chargeback appropriately, including the application and removal of the temporary credit.

Ms H didn't agree with the investigator's view. In summary, she said the issue wasn't whether Lloyds was technically entitled to follow the chargeback procedures, but whether the way those procedures were applied was fair and reasonable in the circumstances. Ms H said she experienced repeated reversals and reinstatements of temporary credits and was required to repeatedly follow up, provide information, complain and escalate the matter.

Regardless of the eventual refund, she felt the handling of the chargeback resulted in a significant and unnecessary cost of her time and effort.

As Ms H remained unhappy the case has been referred 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.

Whilst I've read and considered everything, if I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. This is not meant as a discourtesy but rather reflects my role of resolving disputes with minimum formality.

I should also explain that in assessing this complaint, I am not considering the actions of the merchant, but rather the actions of Lloyds and whether it acted fairly and reasonably in how it handled Ms H's request for help in recovering her money. Given Ms H has now received a full refund from the merchant, in this decision, I will focus on how Lloyds dealt with the chargeback claim and the service Ms H received from Lloyds during this time.

When a consumer disputes a card transaction, banks such as Lloyds can raise a chargeback through the relevant card scheme rules. A chargeback is a process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant card scheme - in this case, Visa. It allows customers to ask for a transaction to be refunded in certain circumstances. It's not an automatic right, doesn't give consumers legal rights, and is not a guaranteed method of getting a refund, as chargebacks may be defended by merchants.

Chargebacks are decided based on the card scheme's rules and not the relative merits of the cardholder/merchant dispute. While it's good practice for a card issuer to attempt a chargeback where certain conditions are met and there's a reasonable prospect of success, there are dispute conditions set by the relevant card scheme that need to be considered.

In this case, when Ms H first contacted Lloyds on 29 May 2025 to dispute the payment, Lloyds applied a temporary credit of £265 while it looked into the dispute. From the call notes I've seen, Ms H was advised that:

- the merchant would be contacted
- the refund being applied was temporary
- the credit could be removed if the merchant showed the transaction was valid
- if the merchant provided a refund, Lloyds would consider the matter resolved and remove the temporary credit

Based on this I'm satisfied Lloyds explained from the outset that the credit was temporary and dependent on the outcome of the dispute.

In terms of requesting further information, Lloyds asked Ms H to provide evidence that the merchant had agreed to a refund on 18 June 2025. Given the basis of Ms H's dispute was that a refund was due from the merchant, I consider it was reasonable for Lloyds to ask for supporting evidence before progressing the claim further.

When the requested information wasn't received, Lloyds closed the dispute and removed the temporary credit on 9 July 2025. Based on the information Lloyds had at that time, I don't find its decision to have closed the dispute as unreasonable, given Ms H didn't respond or provide any further information by the deadline Lloyds had set.

I've considered Ms H's explanation that she was abroad between 13 June and 13 July 2025 and therefore had difficulty accessing her emails. She says Lloyds could've contacted her by phone or text message instead.

However, I haven't seen evidence that Lloyds was made aware of these circumstances at the time or that Ms H had specifically asked Lloyds to use an alternative contact method while she was away. I therefore don't consider it was unreasonable for Lloyds to have contacted her using the email address it had on file to request the further information.

I also note that once Ms H did provide the requested information on 10 July 2025, Lloyds reopened the dispute and raised the chargeback on 31 July 2024. It also reinstated the temporary credit at the same time. So, the temporary closure of the dispute didn't ultimately prevent the chargeback from being progressed.

While there was a short period between Lloyds receiving Ms H's further information and the chargeback being raised, I don't think this delay was unreasonable. The chargeback was still raised within the relevant scheme rule time limits, and I can see that Lloyds continued to pursue the claim even when the merchant challenged it. So overall, I consider it handled the chargeback fairly and reasonably.

I appreciate Ms H has also raised concerns about the temporary credit being applied, then removed on more than occasion during this time. From the available evidence, I can see the temporary credit was:

- applied when the dispute was first raised
- removed when Lloyds didn't receive the requested information within the stated timeframe
- reinstated when Ms H later provided the supporting evidence and the chargeback was raised
- removed again once the merchant refunded Ms H

I appreciate that seeing the temporary credit added then removed may have been frustrating. However, the changes to the temporary credit appear to reflect the stage the dispute had reached and the information Lloyds had at each point. Given Lloyds had also explained how the temporary credit worked at the start of the dispute process, I don't consider the way the credit was applied and removed to have been unfair or unreasonable.

I've also considered whether Lloyds kept Ms H reasonably informed about the progress of the dispute.

From the available evidence, Lloyds:

- explained the chargeback process when the dispute was first raised
- contacted Ms H to request further information and explained what would happen if it wasn't received

- raised the chargeback when it had enough information
- sent a text message on 8 August 2025 explaining the merchant had challenged the chargeback, but that it would continue defending it, and explained the next steps of the process
- sent a further text message on 3 September 2025 confirming the merchant had refunded the payment and explained the temporary credit would be removed within 10 working days

Taking this into account, I'm satisfied Lloyds provided updates about the progress of the chargeback claim at key stages. While Ms H says she felt she had to keep chasing Lloyds, I haven't seen persuasive evidence that Lloyds failed to respond to her requests for updates, or that it failed to provide updates it said it would provide.

While I recognise the process would likely have been stressful and taken time for Ms H to deal with, based on the available evidence I'm satisfied Lloyds acted fairly and reasonably in how it handled the chargeback dispute. It raised the chargeback when further evidence was provided by Ms H, continued with the chargeback even when the merchant defended it, and removed the temporary credit once the merchant had refunded Ms H directly. So, in the circumstances, while I appreciate Ms H will be disappointed, I don't uphold this complaint and I won't be asking Lloyds to take any further action.

My final decision

I don't uphold this complaint against Lloyds Bank PLC.

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

Farhana Rahman
Ombudsman