

## **The complaint**

Mr I is unhappy with how Lloyds Bank PLC handled a claim he made about a transaction on his credit card.

## **What happened**

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

Mr I booked a return flight costing £693 on 31 January 2024. He said that on the day of travel the flights were cancelled over the phone.

Mr I contacted Lloyds to raise a chargeback. Lloyds raised a chargeback in March 2024 and applied a temporary credit to his account. When the merchant defended the chargeback, Lloyds said it contacted Mr I on 4 April 2024, by email and text message, asking him to provide further information within 14 days. Lloyds said it didn't receive any information from Mr I, so it closed the dispute and removed the temporary credit.

In March 2025, Mr I contacted Lloyds to complain about how the chargeback claim was handled. Lloyds didn't uphold the complaint. It said while it appreciated Mr I was out of the country and dealing with a bereavement, due to the amount of time that had passed, it was unable to take the chargeback claim any further. It also said it made no errors with how it handled the claim.

When an investigator reviewed the case, they didn't uphold the complaint. They concluded that Lloyds had handled the chargeback fairly and in line with the card scheme rules. In relation to Section 75 of the Consumer Credit Act 1974 (Section 75), the investigator noted that there may be an issue with the debtor–creditor–supplier (DCS) agreement, but said, there was insufficient evidence to show a breach of contract or misrepresentation.

Mr I disagreed with the investigator's view. He said that Lloyds had caused him stress, particularly given his personal circumstances, and asked for 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.

In this decision, I am considering whether Lloyds acted fairly and reasonably in the way it handled Mr I's request for getting his money back. Having considered the specific card protections available in the circumstances, Lloyds could've considered assessing a claim under Section 75 or raising a chargeback.

## Chargeback

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, Mastercard. 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 isn't a guaranteed method of getting a refund, as chargebacks may be defended by merchants.

Chargebacks are decided based on the card scheme 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. If these are not met, a chargeback is unlikely to succeed. Importantly, something going wrong with a merchant won't always lead to a successful claim.

In this case, Lloyds raised a chargeback and when this was defended by the merchant, it contacted Mr I to request further information and gave him 14 days to respond. Mr I didn't reply within that timeframe, and didn't contact Lloyds until March 2025, by which point the chargeback could no longer be pursued under the scheme rules.

I am satisfied that Lloyds took the steps I would reasonably expect after receiving the merchant's defence. Given that Lloyds didn't receive a response from Mr I within the required timeframe, I don't think it was unreasonable for Lloyds to have closed the dispute at that stage.

I recognise that Mr I was dealing with difficult personal circumstances during this time, and I am sorry to hear about this. I also acknowledge that he said he didn't receive any request for further information from Lloyds. However, based on the available evidence, I am satisfied that Lloyds did send a request for further information following the merchant's defence. I therefore don't find Lloyds made any errors with how it handled the chargeback.

I also consider that when Lloyds removed the temporary credit it had previously applied, this should reasonably have made Mr I aware that the chargeback hadn't been successful and he could've contacted Lloyds, at that point, to provide any additional information.

Taking everything into account, I'm satisfied that Lloyds acted fairly and in line with the scheme rules when considering Mr I's chargeback claim and I don't think it acted unreasonably in closing the dispute when it did.

## **Section 75**

Section 75 is a statutory protection that can allow a consumer to pursue a like claim against a credit provider where there has been a misrepresentation or breach of contract by a supplier, providing certain conditions are met.

It's important to note that I'm not considering a complaint against the supplier. I'm considering a complaint against Lloyds. So, I have to consider Lloyds' obligations as a provider of financial services and its liability for breach of contract or misrepresentation under Section 75.

I'm satisfied that the value of the transaction falls within the relevant financial limits. Section 75 also requires there to be a valid DCS agreement in place. From the available evidence, the booking appears to have been made through one company, while the payment was taken by another. This raises a question about whether the necessary DCS agreement was in place.

That said, I don't consider it necessary to undertake a detailed analysis of whether a DCS agreement was in place, as Mr I hasn't provided sufficient evidence to show that there was a breach of contract or misrepresentation by the supplier.

I have acknowledged what Mr I has said about the flights being cancelled and that most of his communication with the supplier took place over the phone. However, I've seen no evidence to verify whether the flights were actually cancelled, who was responsible for the cancellations, or whether the supplier failed to provide the service it had agreed to. In the absence of such evidence, I cannot reasonably conclude that there was a breach of contract or misrepresentation for which Lloyds would be jointly liable under Section 75.

In those circumstances, I don't consider Lloyds acted unfairly by not considering a Section 75 claim.

I'm sorry to hear about Mr I's personal circumstances and the distress he says this situation caused him. I also recognised that this outcome will be disappointing for Mr I, but based on the available evidence, I don't consider Lloyds has acted unfairly or unreasonably in the way it handled his claim for a refund. So, I'm not going to direct 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 Mr I to accept or reject my decision before 19 February 2026.

Farhana Akhtar  
**Ombudsman**