

The complaint

Mr N has complained about how Lloyds Bank Plc (Lloyds) handled a refund claim he made.

What happened

As all parties are familiar with this complaint, I'll only summarise the key background where necessary within my findings below.

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've read and considered the evidence submitted by the parties but won't comment on it all – only the matters I consider to be central to this complaint. This isn't intended as a discourtesy but reflects my role in resolving disputes informally.

It's important to note that Lloyds aren't the provider of the services here – so in deciding what is fair and reasonable, I'm looking at their particular role as a provider of financial services. In doing so I note that because Mr N paid for this transaction using a Lloyds credit card, a S75 claim could possibly help him. So in deciding what is fair and reasonable I've focused on this.

As a summary, Mr N has complained that Lloyds declined this S75 claim in relation to payments made in 2023 to an investment services supplier I shall call 'G'.

Mr N says he entered into a fixed return investment arrangement and purchased artworks following G's advice. However, he says he didn't receive what he expected and has had difficulty progressing matters with G.

Lloyds said they didn't consider this claim met the technical requirements for S75 and, in any event, they didn't think there was sufficient evidence of a breach of contract or a loss it could fairly uphold.

I've broken down the key points regarding this complaint below:

- **Debtor-creditor-supplier agreement (DCS)**

S75 has several technical requirements that need to be in place for a valid claim. One of these is the requirement of a valid DCS agreement.

While the arrangement here has some characteristics of an investment, I'm satisfied on balance that the payments made by credit card formed part of an overall agreement with G for services connected to the acquisition and management of artwork.

So, on balance, I think it's reasonable to conclude that a DCS agreement was likely in place for the relevant card transactions.

However, that doesn't in itself mean a claim under S75 will succeed. I still need to be satisfied that there's been a breach of contract or misrepresentation.

- **The £25,000 fund**

Mr N's complaint is that this arrangement didn't operate as the fixed secure product he says he was led to expect, and that he has effectively lost his capital as a result.

I've considered this agreement and supporting material. While it refers to an 8.5% fixed return, it also describes a managed arrangement involving investment activity and includes wording that investments may fluctuate in value.

Taking the agreement as a whole, I'm not persuaded it amounts to a clear and unconditional promise that:

- The capital would be repaid at a defined point; or
- The return would be payable regardless of performance.

I've considered the correspondence Mr N has provided which suggests the funds may have been accessible after the two year period around June 2025. While this points to a potential time frame for access, it doesn't in itself establish there was a clear and enforceable contractual obligation to repay the capital at that point, particularly when considered alongside the wider terms of the agreement.

I also accept there are indications of poor communication and a lack of updates and I understand why that has led Mr N to be concerned about the position of his investment.

However for a successful claim under S75, I need to be satisfied that there's been a breach of contract or misrepresentation which has caused a financial loss.

In this case I've not seen sufficient evidence to show:

- What ultimately happened to the invested funds;
- Whether the arrangement resulted in a loss; or
- That any specific contractual obligation was triggered and not met.

While the agreement refers to 'easy access', I'm not persuaded this amounts to a clear and unconditional contractual right to withdraw the invested capital at a defined point, particularly when read alongside the wider terms describing a managed investment where value may fluctuate.

I've also considered that, as a result of G ceasing communication and subsequently entering liquidation, there's now very limited information available about what has happened to the funds.

I understand why Mr N says this means the funds can't be traced and should be treated as lost. While this lack of information raises understandable concerns, it doesn't establish what has happened to the investment or whether a loss as in fact arisen.

I recognise that, given that G ceased communications and is no longer operating, Mr N may not have had a realistic opportunity to request withdrawal of the funds at the point they were expected to become accessible. However, even taking that into account, I've not seen sufficient evidence regarding what ultimately happened to the invested capital, or that a financial loss has been established as a result of a breach of contract or misrepresentation.

I've also considered Mr N's comments that no investment statements were provided and that, in his view, amounts to a clear breach of the agreement

Even if I were to accept that the lack of reporting or updates amounted to a failure to meet part of the agreement, I would still need to be satisfied that this caused a financial loss. S75 is intended to compensate for losses arising from a breach of contract or misrepresentation, rather than to provide a refund of the full amount invested in the absence of evidence about the outcome of the arrangement.

Mr N has suggested that, in the absence of information, the original £25,000 investment should be refunded. However, without evidence showing what has happened to the funds, I'm not persuaded it would be fair and reasonable to conclude that the full amount invested has been lost.

Taking everything into account, I'm not persuaded that a breach of contract or misrepresentation causing a financial loss has been established in relation to this arrangement.

If Mr N is able to provide further evidence showing what has happened to the invested funds – for example, information from the liquidation process confirming the outcome to the investment – and that a contractual obligation was breached and a financial loss has arisen as a result, this could be considered by Lloyds in the first instance.

- **The £5,000 artwork**

Mr N purchased artwork for £5,000 using his credit card and later sold it for £7,300.

As this was sold for more later than he paid, I haven't seen any evidence of any loss. So I don't think there is a valid claim under S75.

- **The £40,000 artwork purchase**

Mr N paid £4,700 by credit card towards artwork with a total purchase price of £40,000.

S75 applies where the claim relates to a single item with a cash price over £100 but not exceeding £30,000.

The documentation shows a combined price of £40,000 without a breakdown of individual prices.

I understand Mr N says the items should be considered separately and that he hasn't been able to obtain a breakdown. However, it would be for him to show that the qualifying transaction meets this technical requirement for a valid S75 claim.

I've considered Mr N's suggestion that an expert valuation could be used to determine individual value. S75 applies based on the cash price agreed at the time of the transaction. In this case, the available evidence shows a combined purchase price of £40,000, without a breakdown of individual price.

In the absence of evidence showing what price was agreed for each individual item, I'm not able to conclude that any specific item falls within the relevant limits. S75 looks at the cash price agreed at the time of the transaction. I don't think a later or estimated valuation can be used to establish this in place of the agreed purchase price.

Taking everything into account and the evidence currently available, and I know this will be disappointing to Mr N, I'm not persuaded that Lloyds acted unfairly in declining his S75 claim for breach of contract or misrepresentation. I therefore won't be asking them to do anything more.

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 N to accept or reject my decision before 13 May 2026.

Viral Patel
Ombudsman