

complaint

Mr B complains that Lloyds Bank plc won't refund to him the money that he paid for some services that he says he hasn't received. His complaint is made against Lloyds under section 75 of the Consumer Credit Act 1974 and the chargeback rules.

background

Mr B used his Lloyds credit card in December 2015 and January 2016 to make four payments totalling £1,654.02 for some on-line advertising services. He says that he didn't receive the services that he'd paid for and that the company that was to provide the services has stopped trading. He complained to Lloyds earlier this year under section 75 and the chargeback rules. He wasn't satisfied with its response so complained to this service.

The adjudicator didn't recommend that this complaint should be upheld. She said that the applicable chargeback rules say that a chargeback can be raised 120 days from the date of the payment or the day the service was due to be provided. But Mr B didn't request a chargeback until after the 120 day limit had expired. And she said that the direct relationship between the debtor, the creditor and the supplier required for a claim under section 75 was broken because Mr B's payments were made to an intermediary.

Mr B has asked for his complaint to be considered by an ombudsman. He says, in summary, that the chargeback rules give 540 days for a chargeback to be claimed in his circumstances.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Lloyds has considered Mr B's claim as both a chargeback and under section 75 – and I will deal with each of those separately.

There's no right for a consumer to require that a chargeback claim be made. But if the right to make a chargeback claim exists under the applicable scheme rules – and if there's a reasonable prospect of success – I consider it to be good practice for a chargeback claim to be made. But Mr B's payments were made in December 2015 and January 2016 – considerably more than a year before he complained to Lloyds about them. The chargeback rules normally require a chargeback to be made within 120 days – so when Mr B complained to Lloyds it was too late for it to request a chargeback. Mr B has referred to a 540 day rule – and in some situations where the goods or services will only be provided at some future time, different time limits may apply. But I'm not persuaded that Mr B was buying services to which those rules would apply. He was buying online advertising services which weren't provided to him because the supplying company stopped trading. So I don't consider that Lloyds has acted unfairly or unreasonably in not making a chargeback claim for Mr B's payments.

In certain circumstances, section 75 gives a consumer an equal right to claim against the supplier of goods or services or the provider of credit if there's been a breach of contract or misrepresentation by the supplier. One of those circumstances is that there must be a direct relationship between the debtor, the creditor and the supplier. In Mr B's case, he's the debtor because he used credit provided by Lloyds to pay for the services, it's the creditor and the supplier is the company that was to provide the services. But Mr B's payment was made to a

payment services provider and not to the supplier – so there's no direct relationship between Lloyds and the supplier. And for that reason Mr B's claim under section 75 can't succeed.

So I'm not persuaded that Lloyds has acted incorrectly in dealing with Mr B's claim. And I find that it wouldn't be fair or reasonable for me to require it to refund to him the payments that he made – or to take any other action in response to his complaint.

my final decision

For these reasons, my decision is that I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 November 2017.

Jarrold Hastings
ombudsman