

The complaint

Mr B complains about a claim he made to Lloyds Bank PLC in respect of a transaction he made on his credit card.

What happened

Mr B, using his credit card, paid a travel agent for flights with an airline for a family member—however, they were refused permission to fly by the airline due to issues with travel visas.

Mr B wanted a refund but was unable to get one from the agent or the airline so he got in touch with Lloyds who looked at things in respect of chargeback and Section 75 of the Consumer Credit Act 1974 ('Section 75') but declined his claim and redebited the temporary credit it had made. Mr B was not happy with this so referred his complaint to this service. He also says that Lloyds did not communicate with him well during the dispute.

Our investigator looked at the complaint which Mr B raised about his claim. He didn't uphold it and said, in summary:

- Lloyds did not act unfairly in discontinuing the chargeback claim;
- there are question marks over the validity of Mr B's Section 75 claim because his payment wasn't made directly to the airline but an agent – and because the booking was not for him; and
- in any event it appeared there was no breach of contract or misrepresentation by the agent or the airline.

Mr B responded to the view to say, in summary:

- he booked the ticket with valid documents and visa (which he showed the agent) and he has paid the agent for services which have not been provided which is unfair; and
- he feels he is being punished for something that is not his fault and this is a stressful situation.

He asked for the matter to be looked at by an ombudsman.

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.

My role is to resolve disputes informally, so although I have read and considered the evidence I have focused on the matters which I consider to be central to this complaint.

Furthermore, Mr B has mentioned issues with his credit limit and issues around the payment of the outstanding debt to Lloyds – this is something outside of this complaint (so I won't be commenting on it) but it might be subject to a separate complaint.

Mr B has also mentioned following up the denial of entry/visa issue with the Home Office – this isn't something I am looking at either as it relates to activities not carried out by Lloyds.

I am sorry to hear about the stressful situation Mr B has had recently in looking into why his family member had difficulties travelling. However, my focus here is the role of Lloyds in responding to the claim Mr B made to it for a refund of the cost of the flights. Lloyds didn't provide the flights, but it can provide assistance by looking into a chargeback and Section 75 claim. So I will consider if Lloyds acted fairly in light of this.

Chargeback

Chargeback is a scheme which in some circumstances can be used to recover money paid using a card. It isn't guaranteed to recover money, but it will often be good practice to attempt a chargeback. In this case it appears that Lloyds did raise a chargeback for Mr B but it was defended by the merchant on the basis that the service was provided.

I have considered if Lloyds could reasonably have done more here – and I don't think it could have. I say this because a chargeback can only be raised for certain reasons and there isn't a reason code that fits this situation particularly well (where someone has been refused travel). Because the flight was technically reserved and available to use I don't think a chargeback for a service not provided had a reasonable prospect of success. So in not pushing the chargeback further I don't think Lloyds has made a mistake.

Section 75

In certain circumstances, Mr B is able to make a 'like claim' against Lloyds for a breach of contract or misrepresentation by a supplier of a goods or services paid for using his credit card. This is through Section 75 – which I have gone on to consider.

In order for Section 75 to apply certain criteria needs to be satisfied. One of those is that there is a valid agreement between the debtor (Mr B), the supplier (in this case the agent or airline) and the creditor (Lloyds).

In this case I don't consider there to be the correct agreement for Mr B to have a valid Section 75 claim for either the actions of the travel agent or the airline.

I don't think there is the correct agreement in place for Mr B to have a claim in respect of the airline because his credit card payment wasn't made to it – instead it went to the travel agent. Furthermore, Mr B appears to have no contractual agreement with the airline for services – the tickets are in the name of his family member who is receiving the service.

I note Mr B did pay the booking agent with his credit card. So it is arguable he has a claim in respect of its actions. However, the booking confirmation with the agent is not in Mr B's name but his family member indicating that it is the third party with the agreement for services with the agent and not Mr B. There is nothing which persuasively shows that in providing payment Mr B has an agreement which would enable him to take action against the agent (and Lloyds via Section 75) for potential breach of contract or misrepresentation.

I note Mr B appeared to be involved in arranging the booking for his family member. However, even if I did accept Mr B has a valid Section 75 claim against Lloyds in respect of the actions of the travel agent I am not persuaded that the agent breached or misrepresented its contract with its customer. I say this because in its correspondence setting out the terms of the booking the agent makes it clear that:

- the passenger is responsible to ensure they hold valid travel documents such as visa and passport; and
- that the ticket is non-refundable.

So I don't think there is a clear breach of an express term of the contract here by the agent, nor persuasive evidence that it made a false statement about its role in preparing travel documentation. I have considered the Consumer Rights Act 2015 here – specifically the requirement that services are performed with reasonable skill and care. But based on what I have seen here – including the paperwork and the reasonable expectations around the agent in booking travel– I think it is difficult to conclude that it acted below the expected reasonable standard in law.

All things considered I don't think that in not upholding Mr B's claim for a refund of the tickets Lloyds has acted unfairly.

Customer Service

I note Mr B has raised some customer service concerns about Lloyds claim handling - specifically about communication. In summary, Mr B said he did not receive correspondence with updates about the progress of his claim. From the information I have seen (including system notes) it appears Lloyds attempted to keep Mr B updated on his claim via email and SMS message to his phone. This communication explained the progress of the claim and what would occur next. And while it did use two different email addresses to communicate at times these both appear to be email addresses Mr B had provided to Lloyds at some stage.

There has been a suggestion by Mr B that an email address Lloyds held on file is incorrect. This isn't something that forms part of this complaint. However, even if an address was incorrect it seems that in any event Lloyds had taken reasonable steps to communicate with Mr B by other means including SMS messaging and the alternative email. Mr B indicates that he didn't receive any of the communication from Lloyds – I am not sure why that is – but from what I can see Lloyds has not acted unreasonably here.

I note that Lloyds has offered and paid Mr B some compensation as a goodwill gesture for his dissatisfaction with its customer service. Some of the amounts offered appear to be in respect of matters outside of the complaint about Lloyds not upholding his claim for a refund. And Mr B says he has not received all the money Lloyds said it paid him in any event. However, because I am not upholding this complaint I am not going to direct Lloyds on the matter of payment of compensation here.

Mr B has explained the impact of what has occurred with the flight tickets on him both financially and on his wellbeing. I am very sorry to hear this. I remind Lloyds that it needs to treat Mr B positively and sympathetically in respect of any amounts he owes – if it does not Mr B might have cause for raising a separate complaint.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or

reject my decision before 22 October 2023.

Mark Lancod
Ombudsman