

The complaint

Mr R complains about a decision taken by Lloyds Bank PLC (“Lloyds”) to not submit a chargeback claim on his behalf.

What happened

On 26 April 2023 Mr R purchased, using his Lloyds current account debit card, a used car costing £7,999 from a garage that I will call “M”.

On 29 May 2023 Mr R had a fault with the car’s air conditioning system diagnosed by a garage that I will call “H”, at a cost of £17.49. H recommended works be undertaken to the air conditioning system at an estimated cost of £431.75.

Following the above diagnosis by H, Mr R had the fault with the car’s air conditioning system repaired by a garage that I will call “D”, at a cost of £431.75.

Shortly after paying D £431.75 Mr R contacted Lloyds asking it for its help to seek recovery of this sum from M.

In mid to late June 2023 Mr R complained to Lloyds that he hadn’t heard anything from it in respect of his request for help in recovering the sum of £431.75 from M.

On 12 July 2023 Lloyds issued Mr R with a final response letter (“FRL”). Under cover of this FRL Lloyds said it was unable to secure Mr R the sum he was seeking the recovery of from M (due to the limitation of the Visa chargeback rules) but it was prepared to pay him £55 for poor customer service, which it did.

On 23 July 2023, and unhappy with Lloyds FRL, Mr R referred his complaint to our service.

Mr R’s complaint was considered by one of our investigators who came to the view that having paid Mr R £55 for poor service Lloyds need do nothing further.

Mr R didn’t agree with the investigator’s view so his complaint has been passed to me for review and 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.

Having done so I can confirm that I’ve come to the same outcome as the investigator and for the same reasons. There is also very little I can usefully add to what has already been said.

As I say above I’ve considered all the available evidence and arguments, but I would like to add that I’ll concentrate my comments on what I think is relevant. If I don’t comment on any specific point, it’s not because I’ve failed to take it on board and think about it but because I don’t think I need to comment on it in order to reach what I think is the right outcome.

What I need to decide in this case is whether Lloyds acted fairly and reasonably in not raising a chargeback on Mr R's behalf, and if it didn't, what it should do now to put things right.

Chargebacks aren't decided on the merits of the dispute between the cardholder and merchant, but rather they're decided on the relevant card scheme's rules. Chargeback isn't a legal right and there's no guarantee the card provider will be able to recover the money this way. In this case, the guidelines are set by VISA and Lloyds have no power to change them.

When there is a dispute about defective goods, generally the rules of the VISA chargeback scheme require the cardholder to return the goods to the merchant. Having said this, the rules do allow for circumstances where the cardholder has attempted to return the goods to the merchant but has been unable to.

I can understand why Mr R didn't return the car or attempt to do so. But based on what Mr R has told our service and the 'case' notes' provided by Lloyds I'm not persuaded that he was prevented from doing so. And because of this I can confirm that I'm satisfied that there was no valid reason code under which Lloyds could raise a chargeback and it acted both fairly and reasonably in not doing so.

Having said the above I agree that Lloyds didn't give Mr R updates when he contacted it for the same. But taking everything into account I can confirm that I'm satisfied that £55 represents an appropriate sum in this respect.

My final decision

My final decision is having paid Mr R £55 Lloyds Bank PLC need do nothing further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 22 November 2023.

Peter Cook
Ombudsman