

The complaint

Miss S complains that Lloyds Bank Plc won't make any form of refund for a payment made on her debit card for a holiday.

What happened

In May 2022 Miss S used her Lloyds debit card to pay just over f £2,555 to a holiday company for a package holiday in July 2022 for four people including her. Miss S says that when she arrived at the hotel they were put into the wrong type of room. She says they were then moved into another room on the third day of their stay, but it was a smaller room. She says the hotel was dirty and had numerous issues, some of which made her health conditions worse. She also says the hotel staff and holiday company staff were rude and unhelpful. She complained to the holiday company and it made her an offer as a gesture, but she declined it as she felt it wasn't enough. So when she got back she complained to Lloyds.

Lloyds looked into the matter and says it asked Miss S for further evidence, but it says Miss S provided further information only after the time limits for a chargeback had already run out. So it didn't take her Chargeback any further. Lloyds has said it could have done more to inform Miss S whilst she was liaising with it, so it offered her £50 for her trouble. Other than that it doesn't think it could do any more for Miss S.

Miss S didn't think this was fair, so she brought her complaint to our service. Our investigator looked into the matter. Overall, he didn't think Lloyds had acted unfairly by declining Miss S's request for a refund. Miss S didn't agree. So the complaint has been passed to me to decide.

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'm very sorry to hear about Miss S' health issues, I hope she has the support she needs to manage those as best as possible. I should make very clear that this decision is not about the holiday company, which isn't a financial services provider and doesn't fall within my remit. I can see from Miss S' representations to the Investigator that Miss S is (understandably) focusing on the actions of the Holiday company. However whatever the issues there maybe with the Holiday company and just because Miss S feels she's lost out, it doesn't necessarily follow that Lloyds has treated Miss S unfairly.

Lloyds's role in the matter is to be considered only under the Chargeback rules in place as this transaction was on Miss S' debit card. The Chargeback rules are under a voluntary scheme and consumers do not have a right to a chargeback being raised. It is the case though that this Service considers raising a chargeback to be good practice. Lloyds can only be held responsible if it has failed in some way. And the question of whether or not Lloyds has treated Miss S fairly is the only question I can decide upon in this decision. This is an important distinction which I hope I've made sufficiently clear.

Miss S accepts she made this transaction for the holiday with the holiday company in question and doesn't dispute the amount, date, or other aspects of the transaction itself. Having looked into the matter I'm satisfied the transaction was properly authorised by Miss S and correctly applied to her debit card account with Lloyds.

could Lloyds challenge the transaction through a chargeback?

In certain circumstances, when a cardholder has a dispute about a transaction, as Miss S does here, Lloyds (as the card issuer) can attempt to go through a chargeback process. I don't think Lloyds could've challenged the payment on the basis Miss S didn't properly authorise the transaction, given the conclusions on this issue that I've already set out.

The card scheme here has time limits for raising chargebacks. Here Lloyds didn't raise a chargeback because it says it didn't get sufficient information from Miss S before running out of time under the time limit rules. I can see Miss S feels that Lloyds didn't sufficiently make clear the time limit rules. And I can also see there's been a lot of discussion between the parties here on this issue. However I'm not persuaded this is a key issue. I say this because it only makes a difference if I thought the chargeback would have been successful if full information had been provided. And I don't think this is the case here. I'll explain why.

Miss S says she was misrepresented into taking the hotel room she paid for. However it's clear from what she says that she complained about the first room she was given and was moved rooms on her third day at the hotel. Miss S has said the second room was very small. But to have been misrepresented into taking a room she'd otherwise not have taken the room would have had to be advertised as being a certain size. But Miss S doesn't mention that. She explains there wasn't a photo for the room she booked just a description. And she notes that those rooms advertised with a photo were photos for 'illustrative purposes only'. In essence Miss S has made clear she was unhappy with the room but hasn't actually pointed persuasively to what was misrepresented to her about the room in the advert she saw. In essence she says that if she'd known the room was how it was, she'd have not taken it. That may well be the case, but for a misrepresentation to have been made out I'd have to be persuaded she was told something that was untrue which she relied upon. And I've not seen Miss S demonstrate that she was told something untrue.

Miss S accepts she stayed at the hotel for the full period of the holiday. As such she received the full benefit of it. Accordingly a full refund as she's asked for would be unfair on Lloyds.

Miss S has said that staff members were rude and treated her badly. I'm sorry to hear this. However for Lloyds to be responsible here it she needs to have lost out because of what Lloyds did. I think had Lloyds done everything here correctly the chargeback made and would have been unsuccessful. I say this because the chargeback process is a straightforward set of reasons for transactions to be disputed such as double charged, or goods or services not provided. It doesn't cover more nuanced issues such as the quality of experience or whether expectations were met or indeed how people treated Miss S. So I don't think this is a reason for Lloyds to refund Miss S because there isn't a chargeback code that covers such issues.

Miss S has provided a long list of issues with Lloyds customer service to her. I've considered them all and listened to the calls. Lloyds has accepted that it could have provided better information and offered Miss S £50 for this which she was not enough. There is some effort involved in making a complaint naturally and many of the points Miss S has raised around customer service made no impact on the progression of the complaint. And the one that did have an impact Lloyds has paid her for. Miss S says she's not received it. I've seen the evidence from Lloyds' systems showing it has been paid in November 2022. So I don't think it needs to do anymore regarding its customer service.

Miss S has said the whole process has caused her stress and anxiety and impacted her health. I'm very sorry to hear this. She's also gone on to say that the whole system is designed to fail, and everything was done to stop her being successful. I'm not persuaded by this. Having reviewed everything I see points where things could have been done better, but I see few issues where Lloyds has done something wrong. And where it has, chiefly around not properly informing Miss S it has done something to remedy that.

Lloyds didn't provide everything to start with. But I'm satisfied I've seen everything now that I need to make a fair decision on how Lloyds handled the chargeback. This is at the crux of Miss S' complaint is whether her chargeback should have been successful if it had been done properly. It is accepted that Lloyds didn't do everything perfectly. The question is whether that made a difference and I'm not persuaded it did. This is because I think had Miss S' chargeback been put through immaculately I don't think it would have been successful. I say this because I think the holiday company would have defended it by saying Miss S was moved rooms in line with her wishes and that it made her an offer for the other issues which she refused. And had Lloyds taken the chargeback further I don't think it had a reasonable prospect of success and ultimately I don't think it would have been successful. So the issues Miss S points to with Lloyds ultimately didn't impact her chances of winning a refund through the chargeback.

So although Miss S clearly feels the holiday company is at fault here this doesn't necessarily mean that Lloyds is liable to refund this transaction. In summary this is a decision about what Lloyds is responsible for regarding this transaction for this holiday. The test here is did Lloyds consider the Chargeback situation here properly. I think that Miss S hasn't lost out here because I think a chargeback would have been successfully defended by the holiday company. So I don't think I can fairly require Lloyds to refund Miss S for part or all of the holiday. And I think the offer it has made for customer service is fair. So this complaint is unsuccessful.

My final decision

For the reasons set out above, I do not uphold the complaint against Lloyds Bank Plc. Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 22 August 2023.

Rod Glyn-Thomas
Ombudsman