

The complaint

Mr U complains about the outcome of a chargeback claim he made through Lloyds Bank PLC, who I'll call Lloyds.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my 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.

I know it will disappoint Mr U, but I don't think Lloyds need to take any action here. Please let me explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but 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.

When something goes wrong and the payment was made with a debit card, as is the case here, it might be possible for the business to raise a chargeback claim.

The chargeback scheme isn't administered by Lloyds, it's administered by VISA, and they set the rules. Lloyds didn't have to submit a chargeback claim but I'd think it good practice for them to do so where the right exists and there is a prospect of success.

The VISA chargeback rules say that claims must be submitted within 120 days from the date the service was to be provided. Mr U made payments to the merchant on 13 and 14 June 2022 so the deadline for submitting a chargeback was on 11 and 12 October 2022.

Lloyds swiftly submitted a chargeback claim on 22 June 2022 and they explained to Mr U that a temporary credit would be placed on his account for the disputed transactions. When the merchant defended the chargeback Lloyds have explained that they had limited time under the chargeback scheme to respond to that defence. They wrote to Mr U and asked him to supply evidence the money hadn't been paid to his account. But as they didn't receive that evidence until after the deadline VISA set for responses, they couldn't defend the claim any further and the money was re-debited from Mr U's account.

The VISA rules don't allow Lloyds to submit a claim again.

I think Lloyds were a little premature to raise a chargeback. They had until October to gather the relevant information and had they asked for further evidence from Mr U before they issued the claim, VISA may have been able to consider Mr U's account statement with the merchant, that he says shows no payments were received.

So, I've thought about whether Lloyds' actions caused Mr U's claim to fail and whether they were therefore unfair to him.

I'm not persuaded that's the case. Mr U has provided a copy of his crypto currency statement with the merchant, but I don't think he's demonstrated that was the account the payments should have been made to. The statements show the balance of his account in August 2022, but they don't appear to show any account history, although I accept that may be because there wasn't any. I think on the basis of that limited evidence, that Mr U's chargeback claim would have failed even if that statement had been provided. I don't therefore think he's been inconvenienced by Lloyds' actions, and I am not asking them to take any further action.

Whilst that may mean Mr U is unable to get a refund from Lloyds through the chargeback process, it doesn't prevent him from pursuing the matter with the merchant through the courts.

I understand that Mr U is also upset that Lloyds have chosen to close his overdrawn account. We can't insist that businesses suspend collection activity on accounts whilst complaints are in process, that's a decision for them to take. Nor can we consider a complaint that the business hasn't had an opportunity to consider. If Mr U remains unhappy about the way his account was closed he'll therefore need to raise that complaint to Lloyds initially.

My final decision

For the reasons I've given above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 7 August 2023.

Phillip McMahon
Ombudsman