

## **The complaint**

Miss L complains that Lloyds Bank Plc has treated her unfairly about a chargeback for some flights she booked through a website.

## **What happened**

In December 2022 Miss L used her debit card to book non-refundable international flights through a website with airlines. Soon afterwards she says she didn't trust the website she'd booked through, so she contacted them to cancel and get a full refund. The website told her the tickets were non-refundable. But she did receive a partial refund relating to fees and taxes. As she didn't get a full refund she took her dispute with the website to Lloyds.

Lloyds raised a chargeback and temporarily credited the flight costs (over £685) to Miss L. The website defended the chargeback saying it had provided the service it was meant to. It also pointed to the non-refundable nature of the tickets and that the agreed terms. So Lloyds reversed the temporary credit for the cost of the flights. Miss L felt this was unfair and complained. There was then a lot of contact between Miss L and Lloyds, and it repeatedly looked into the matter. This led to the disputed amount being temporarily credited, re-debited and again temporarily credited. But Lloyds said it had treated her fairly. So Miss L closed her account with Lloyds and brought her complaint to this service.

Our investigator looked into the matter. Overall, he didn't think Lloyds had acted unfairly. Miss L 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.

Clearly Miss L feels that the website has treated her unfairly. But the website isn't within this Service's remit for the provision of services it provides. This decision is only about whether Lloyds treated Miss L fairly as Lloyds is in our remit for how it treats such disputes. I hope I've made this key distinction clear.

### *Chargeback*

In certain circumstances, when a cardholder has a dispute about a transaction, as Miss L did 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 L didn't properly authorise the transaction, given that Miss L has said that she did make the payment.

The chargeback process is run by the card scheme and not Lloyds. The scheme has set out rules for how the dispute progresses allowing Lloyds and the merchant time to respond to each other as evidence is provided and considered. And if the chargeback is pursued to the end of the process it is the scheme that has the final decision on the dispute and not Lloyds. So Lloyds can pursue a chargeback on behalf of its cardholder as far as it can fairly and properly and still not get a refund.

Chargeback isn't a consumer right. However this service does consider pursuing a chargeback that has a reasonable prospect of success to be good practice. But a card issuer doesn't have to raise a chargeback or can stop pursuing the matter at any time if it doesn't feel the chargeback has a reasonable prospect of success.

Here Lloyds did raise a chargeback but on receipt of the defence from the website decided to not pursue the chargeback further. So the test here is did Lloyds treat Miss L fairly when deciding the chargeback no longer had a prospect of success?

The tickets purchased were non-refundable. So when Miss L used the website, by agreeing to the terms, she, in essence, took on a risk if things went wrong or she changed her mind.

The website's defence to the chargeback was that it did what it was meant to, it had provided the service of introducing the flights to Miss L and she'd booked the flights she'd chosen through its service. It pointed to the confirmation of the booking sent to Miss L as proof of it providing the service it was meant to. It also provided evidence of Miss L cancelling the tickets which she accepts she did. So Lloyds didn't take the chargeback further and I think this is fair in these circumstances. Miss L wasn't due a full refund.

Lloyds accepts it provided temporary credit for the cost of the flights. And it points to messages and communications it sent to Miss L explaining it may re-debit the credit if the chargeback process was unsuccessful. Which it was and which it did.

Miss L says the website is "*untrustworthy and I have since discovered are not reliable company*". Miss L has provided no persuasive evidence to support this. I note that the website is a trading name of a much larger and well-known website which provides similar services, and which is still trading and freely available on the internet. The website is a legitimate company to my mind.

Miss L says she cancelled because she didn't get the ticket straightaway. However she did get a booking confirmation promptly explaining she'd get tickets in a few days. And this was in line with the terms and conditions she agreed to.

Miss L says the website kept removing the money from her account (as she argues it was a scam) so she closed her account. It's clear from the evidence here that the website didn't remove the money from her account. It's clear Lloyds was, in essence, lending her the money itself in the form of a temporary credit whilst it investigated matters. And when it was satisfied Miss L owed the money to the website it took back its money it had lent her.

I can see Lloyds has paid a total of £90 to Miss L for its customer service failings. I think this is more than fair for what happened here.

Miss L says Lloyds has been guilty of 'negligible misstatement' in its dealings with this disputed payment to the website. However Lloyds isn't responsible for Miss L's decision to cancel non-refundable tickets. It is responsible for pursuing a chargeback which it did and did so fairly.

I note that it appears from the statements that Miss L closed the account with Lloyds whilst her account was in possession of the temporary credit. So she received more money when she closed it than she should have. Lloyds has said it may use debt collection agencies to recover its loss. I'm satisfied that Lloyds acted fairly in pursuing the chargeback and is entitled to receive the amount of temporary credit it provided Miss L back. It is up to Lloyds whether it pursues Miss L for these funds.

I can see that during the chargeback Lloyds recouped a partial refund from the website in relation to fees and taxes. And I can see that it sent Miss L a cheque for that amount (as she'd closed her account). I'm satisfied it treated Miss L fairly on this issue.

In summary I'm not persuaded Miss L has lost out due to Lloyds' approach to chargeback here or its decision not to pursue the chargeback further.

I appreciate this isn't the decision Miss L wishes to read. But Lloyds have not done anything wrong in its decision not to take the chargeback further. This is because based on the facts of the case and the reasons given such a chargeback on balance didn't have a realistic prospect of success. So on balance Miss L hasn't lost out due to the decision made by Lloyds. And as Lloyds paid £90 to Miss L for some minor customer service issues I think it has done everything it needs to. As a consequence Miss L's complaint is unsuccessful.

### **My final decision**

For the reasons set out above, I do not uphold the complaint against Lloyds Bank Plc. It has nothing further to do in this dispute.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 2 February 2024.

Rod Glyn-Thomas  
**Ombudsman**