

## **The complaint**

Mr H complains about how Lloyds Bank PLC (“Lloyds”) handled his chargeback claim.

## **What happened**

Mr H bought a motorhome in an online sales auction in the USA in 2022 and asked a garage which I’ll call ‘RA’ to repair it so that it was driveable to allow him to ship it back to the UK.

Mr H and RA entered into discussions on the work that was required and following that, Mr H paid RA \$1,783.48 using his Lloyds debit card in October 2022 to carry out that work. RA sent Mr H their invoice which set out the work they say they did, as follows:

- Remove and replace the upper and lower control arms on one side, including a suspension crossmember assembly.
- Remove and replace tie rods and/or ends.
- Diagnosis of a broken belt tensioner.
- Remove and replace the belt tensioner.
- Remove and replace radiator.

Mr H says RA didn’t carry out the works as agreed and left the motorhome abandoned on a public road with the keys still inside. He asked a second garage based to carry out further work on the motorhome which he says was needed to rectify what RA had done to it.

Mr H asked Lloyds to raise a chargeback for him on 26 October 2022, so he could recover the money he’d paid to RA. This totalled £1,612.84. Lloyds submitted the chargeback on 5 December 2022 and added a temporary credit to Mr H’s account for the amount he was claiming.

Lloyds received a response from the merchant on 27 December 2022 challenging the dispute. Lloyds say they had until 27 January 2023 to challenge what the merchant had said and that they e-mailed Mr H on 6 January 2023 to advise him of this. Lloyds also say they told Mr H in their e-mail that they’d reclaim the money from his account and asked him to contact them within 10 days to provide any further evidence about the dispute so they could consider whether to take his claim further forward.

Mr H says he didn’t receive an e-mail from Lloyds. He contacted them on 24 January 2023 as Lloyds took the money back out of his account and asked them to send the e-mail they’d sent to an alternative e-mail address. Lloyds didn’t action Mr H’s request until 30 January 2023 and subsequently told him they were out of time to continue with his claim.

Mr H complained to Lloyds saying they had delayed the chargeback despite knowing there were strict time limits on this and didn’t provide him with an opportunity to provide further evidence after the merchant defended the claim. Lloyds accepted they had delayed the initial chargeback request but said this was still raised with the time limits allowed for under the card scheme. Lloyds said they didn’t receive any evidence from Mr H before those limits expired.

Our investigator didn't uphold the complaint. He felt that, even if Lloyds had received Mr H's evidence in time, his chargeback claim likely wouldn't have succeeded.

Mr H didn't agree and so his 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.

Here, I am looking at the actions of Lloyds and whether it has acted fairly and reasonably in the way it handled Mr H's request for help in getting his money back. This takes into account the circumstances of the claim Mr H made and how RA acted, but there are also other considerations, such as the scheme rules a bank has to follow and their own obligations.

In certain circumstances the chargeback process provides a way for a bank to ask for a payment a customer made to be refunded. Where applicable, the bank raises a dispute with the supplier and effectively asks for the payment to be returned to the customer. While it is good practice for a bank to attempt a chargeback where the right exists and there is some prospect of success, the circumstances of a dispute means it won't always be appropriate for the bank to raise a chargeback. There are grounds or dispute conditions set by the relevant card scheme and if these are not met a chargeback is unlikely to succeed.

Lloyds raised a chargeback for Mr H. So, in the first instance, I think Lloyds acted reasonably in that they initiated the potential avenue for Mr H to try to claim his money back. I would add though that I'm not convinced Lloyds used the correct reason code for the chargeback. Lloyds have said they used the code 'services not received'. However, bearing in mind the nature of the dispute, in that Mr H alleged that RA didn't carry out the repair work to the motorhome as agreed, and in fact made matters worse in what they did to it, the more appropriate code to have used would have been 'defective merchandise/services'.

However, this didn't make a practical difference as Lloyds did raise a chargeback and RA defended the claim. So, Lloyds and Mr H would have still ended up in the same position at that point. And while Lloyds did delay initiating the claim, it was still made within the time allowed for under the card scheme rules.

What happened thereafter remains a point of contention. Mr H feels Lloyds acted unreasonably by not asking him to provide further evidence to support his claim, and that they allowed the time limits for this to expire.

I understand Mr H's position here, however although Lloyds may have delayed matters more than perhaps they should have, I don't think this ultimately made any difference to the outcome of the claim.

I say this bearing in mind that RA defended the chargeback claim. I've looked at what they sent to Lloyds, and I think it would be difficult to say that Lloyds should have then felt the evidence they'd been sent was clearly not good enough to the extent that they should have challenged it. And, had Mr H sent Lloyds further evidence, I think they likely would have felt the same way and not taken the matter any further.

Mr H sent through pictures of the motorhome before and after the work RA carried out. However, bearing in mind the intention of the work was to solely make the motorhome driveable, I don't think those photos would have clearly shown to Lloyds that didn't happen. And, although Mr H sent in evidence of the work the second garage carried out, it would have been too much of a leap in my view for Lloyds to have realised or suspected that the

work RA carried out, and the evidence they gave in response to the claim, was clearly lacking in credibility. The invoice from the second garage sets out the work they carried out, but it doesn't set out why that work was required, nor does it show that they worked on exactly the same areas of the motorhome as RA did.

I realise Mr H will feel that there would have been no reason for the second garage to have carried out the work so soon after it was with RA, if the motorhome was repaired as originally intended. But, as I've said, I think for Lloyds to have taken the matter further, they would have needed more than what they'd been provided to challenge RA's defence to the claim. So, I don't think that Mr H's chargeback had any real chance of success because of this even though I think there were some errors in how Lloyds dealt with this overall.

I should add here that I'm not saying that Mr H's claim is without merit. And it could be that he ultimately has a case against RA for what happened. However, the chargeback process is not a determination of an individual's legal rights and isn't a mechanism for determining the underlying dispute between Mr H and RA. Having considered the circumstances of the complaint, I'm not persuaded that Lloyds handled Mr H's chargeback claim in such a way to essentially prevent him from successfully reclaiming the money he paid to RA.

### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 17 November 2023.

Daniel Picken  
**Ombudsman**