

The complaint

Mr and Mrs H complain about how Lloyds Bank PLC handled Mrs H's chargeback dispute about a £500 deposit on Mr H's cancelled purchase of a car.

What happened

Mr and Mrs H have a joint current account with Lloyds. In August 2022 they visited a showroom ("the merchant") because Mr H intended to buy a car. They chose a car and paid a £500 deposit using Mrs H's debit card. But the next day they changed their minds and cancelled the purchase. They asked for a refund of the deposit, but were told it was non-refundable. So Mrs H asked Lloyds to refund it. She said that she was entitled to it back because the purchase had been cancelled within a 14-day cooling-off period.

Lloyds raised a chargeback dispute, and meanwhile it refunded the £500 to Mrs H's account. Four weeks later the merchant responded to say that its terms of business were that deposits are non-refundable, and that Mr H had signed a document to that effect. Lloyds accepted that evidence, and sent an email to Mrs H saying that the chargeback had been unsuccessful, and that it was going to re-debit the £500 from her account. The email went on to say: *"Please get in touch in the next 10 days if there's new information for us to consider."*

Mr and Mrs H say they never received that email. More than ten days later, they replied to challenge the chargeback decision, but Lloyds told them it was too late and the chargeback dispute had been closed. They complained to Lloyds and said that Mr H's signature had been forged on the documents relied on by the merchant. But Lloyds said that signature matched the one it had in its own records for Mr H. It said the merchant had proved that the deposit was non-refundable.

Being dissatisfied with that response, Mr and Mrs H brought this complaint to our service. But our investigator did not uphold it. She said that Lloyds had done all that it reasonably could. She was satisfied that its email with the ten-day deadline had been sent to the correct address, and that Mr and Mrs H had received it because Lloyds' contact notes showed that Mrs H had told Lloyds in a phone call that she had belatedly found the email. Mr and Mrs H did not accept that decision, and so this case was referred for an ombudsman to consider.

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 do not uphold it, for the same reasons as my colleague.

My role in this case is to assess whether Lloyds mishandled the chargeback dispute or whether it should have done anything differently. It's not to decide whether the merchant forged Mr H's signature on the sales paperwork. Since Lloyds had no evidence with which it could prove that that had happened – indeed, its own records undermined that allegation – there was nothing it could have done to pursue that allegation further.

However, Mr H's signature is a bit of a red herring in this case, because even if the merchant had not provided it, Lloyds would still not have been in a position to prove that the deposit was refundable. Mr H's signature on a document saying that it is not refundable lent weight to the merchant's case, but it was not essential. It would have been enough for the merchant just to provide its standard terms and conditions, and that would have been enough to win a chargeback dispute.

I have seen no evidence to show that there was a 14-day cooling-off period as Mrs H has suggested. A 14-day cooling-off period is standard where a car is being bought under a regulated credit agreement, but I have seen no evidence that either Mr or Mrs H entered into such an agreement or that they were going to.

I have seen the email which Lloyds sent and which Mrs H says she did not receive. It was sent to the same email address that Mr and Mrs H gave us when this complaint was set up. And I have verified that Lloyds' contact notes do say that on 28 November 2022 Mrs H called Lloyds and said she had found it. So I'm satisfied that Lloyds did tell Mrs H that there was a deadline for responding to the provisional outcome of the chargeback dispute, and that she did not reply in time. Lloyds therefore had no option but to close the dispute and re-debit the money.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 27 October 2023.

Richard Wood
Ombudsman