

The complaint

Mr Y complains that Lloyds Bank Plc, trading as MBNA, won't refund him for a hotel room booking.

What happened

In August 2023 Mr Y used his Lloyds Bank Plc (trading as MBNA) credit card (Lloyds for short) to make a booking for just over £255 on a marketplace type website for two nights in a hotel. Prior to departing for the hotel stay, Mr Y received some serious information about his health. His children also contracted a vomiting sickness. So Mr Y didn't go to the hotel. He wanted his money back but didn't get it. So he complained to Lloyds.

Lloyds looked into the matter and has said it didn't consider Mr Y's dispute should be successful through either chargeback or Section 75 of the Consumer Credit Act 1974 (CCA for short).

Mr Y didn't think this was fair, so he brought his complaint to our service. Our investigator looked into the matter. Overall, she didn't think Lloyds had acted unfairly by declining Mr Y's request for a refund. Mr Y 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.

Firstly I should start by saying I'm very sorry to hear about Mr Y's medical issues. These are serious and I've kept them at the forefront of my thinking throughout the consideration of this dispute. And I'm sorry to hear his children were unwell at the time of the booking. Likewise I've considered this throughout.

I should make very clear that this decision is not about the hotel, or the website Mr Y used to find the hotel, which aren't financial services providers and don't fall within my remit regarding chargeback or Section 75. Whatever the issues there maybe with the hotel or the website and just because Mr Y says he has lost out here, it doesn't necessarily follow that Lloyds has treated Mr Y unfairly or that it should refund him. And this decision is solely about how Lloyds treated Mr Y. I hope this point is clear.

There's no dispute that Mr Y used his Lloyds card to make the booking. So I don't think Lloyds did anything wrong by charging it to his account.

In certain circumstances, when a cardholder has a dispute regarding a transaction, as Mr Y 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 Mr Y didn't properly authorise the transaction, given the conclusion on this issue that I've already set out.

Lloyds is required to consider whether there is a reasonable prospect of success when it is considering whether to go through the chargeback process or not. If it does go through the

process, then it must do so properly. And if Lloyds takes the chargeback as far as it can then the scheme provider (not Lloyds) will then make an independent determination on the matter. So Lloyds isn't solely responsible for the decision whether to refund or not, when going through the chargeback process. And it can fairly decide to not proceed at any stage, if it doesn't think there is a reasonable prospect of success.

Here Lloyds said it didn't consider Mr Y had a reasonable prospect of success because it says the hotel booking was non-refundable irrespective of whether Mr Y changed, cancelled, or didn't stay at the hotel. Mr Y himself has provided the evidence that the booking was non-refundable. And he also makes very clear that he tried to cancel the booking and also didn't attend the hotel during the booked stay at the hotel. So I think a chargeback didn't have a reasonable prospect of success, so Mr Y hasn't lost out because Lloyds didn't pursue a chargeback any further.

A business such as Lloyds can only be held responsible under S75 of the CCA if certain requirements are met *and* if there is breach of contract or misrepresentation of the contract and if there is that it means that Mr Y has lost out. Our Investigator concluded that one of the requirements for a S75 claim wasn't in place, so Lloyds didn't have to consider the matter further.

I'm satisfied that the requirement for a DCS agreement isn't met here due to the contractual inter-relationship of the various parties here. But, in any event, neither the hotel nor the website did anything wrong. So no S75 claim here could be successful. Mr Y booked non-refundable booking. Just because he had some very bad news, and his children were sick doesn't change that he chose to book non-refundable hotel booking. And those issues don't make it fair for Lloyds to cover the cost of this booking when neither it nor the website nor the hotel did anything which meant Mr Y couldn't go to the hotel. And it wasn't their fault he'd received the bad medical news nor that his children were sick.

When consumers purchase non-refundable tickets they take on an element of risk (sometimes in return for lower prices) that outside events such as these may mean they cannot benefit from the contract they've entered into. But just because Mr Y didn't use the hotel room doesn't mean that either the website or the hotel hadn't fulfilled their side of the contract.

I do appreciate that this isn't the decision Mr Y wants to read. And as I've said I'm sorry to hear about these significant issues Mr Y has had to face. But I don't think Lloyds treated him unfairly. So it has nothing further to do here.

My final decision

For the reasons set out above, I do not uphold the complaint against Lloyds Bank Plc, trading as MBNA. It has nothing further to do here.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 4 March 2024.

Rod Glyn-Thomas
Ombudsman