



HOUSE OF LORDS RULING REGARDING FOREIGN CREDIT CARD TRANSACTIONS AND SECTION 75 OF THE CONSUMER CREDIT ACT

This ruling gives the clarification of the law we were seeking regarding the application of Section 75 of the Consumer Credit Act 1974 to foreign credit card transactions.

We are disappointed with the decision as we have long believed that Section 75 has no validity in relation to foreign credit card transactions.

However, given that the House of Lords has confirmed the Court of Appeal ruling, we will continue our policy of paying valid claims for overseas transactions.

-ends-

Notes to editors:

- Under Section 75 of the Consumer Credit Act, if customers make a purchase of goods or services between £100 and £30,000 using their credit card, the credit card company is jointly liable with the supplier, if the customer subsequently discovers problems with goods bought or services received from that supplier. The OFT's view is that foreign as well as domestic transactions are covered by Section 75.
- In 2003, the Office of Fair Trading sought a binding declaration from the courts to clarify to what extent Section 75 of the Consumer Credit Act applies to foreign transactions as it was ambiguous. Lloyds TSB was one of the defendants representing the cards industry, along with Tesco Personal Finance (RBS) and, at a later stage, American Express.
- The case was originally heard in July 2004. The judge, Mrs Justice Gloster, ruled in the card industry's favour on the main issue of foreign transactions.
- The Office of Fair Trading appealed against that judgment. The Court of Appeal, which heard the case in February 2006, decided the case in favour of the OFT.
- The appeal to the House of Lords was to seek clarification and today's decision is the final stage of the process.

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