

The complaint

Mrs P complains about the way in which John Lewis Financial Services Limited dealt with a claim she sought to make to it in relation to a holiday she was unable to take. Mrs P paid for the booking using her John Lewis credit card. She's unhappy with the time John Lewis took to investigate and respond to the claim, and with the outcome it reached.

I'm conscious both Mrs P and her husband have been dealing with this complaint. I've referred only to Mrs P in this decision as she is the John Lewis account holder and the eligible complainant under our rules. I intend no disrespect by this.

What happened

Mrs P had a holiday villa booked, which she paid for using her John Lewis credit card. Unfortunately, the holiday fell during a period in which the Foreign and Commonwealth Office (FCO) had issued guidance in response to the Covid-19 pandemic advising against non-essential travel to her intended destination. Following the FCO advice, Mrs P didn't travel. However, the villa was available for use and the booking agent said it wasn't willing to refund her. After speaking with her travel insurer Mrs P turned to John Lewis to see if she could recover her money.

John Lewis said it could submit a chargeback claim. Its response led Mrs P to think that the booking agent was obliged to refund her. John Lewis didn't give a precise timescale for processing the claim, but indicated it was dealing with a significant number of claims and that it might take a while. She was later given a timescale of up to 12 weeks.

Ultimately however, it took six months for John Lewis to deal with the claim. During that time it made several requests of Mrs P for information – including evidence she'd already provided – and she called it several times to chase up its decision. And when John Lewis did reach a conclusion, it was that the claim wouldn't be successful because the villa had still been available.

Mrs P felt this was something that had been known from the outset. She considered that a good deal of time was wasted while she was awaiting John Lewis's response, which she needed in order to progress matters with her travel insurer. She complained to John Lewis, who offered a total of £150 in recognition of the distress and inconvenience caused by its delays. John Lewis maintained the claim outcome was correct.

Our investigator agreed that the underlying claim outcome was appropriate in the circumstances. But she thought John Lewis should increase its compensation offer by a further £50, which she considered a more suitable amount to reflect the problems Mrs P had faced in dealing with the claim. John Lewis agreed to the investigator's proposal. But Mrs P did not. She felt it was inadequate in light of the emotional distress she'd experienced.

The matter has now been passed to me for review and determination.

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.

I've no doubt that Mrs P experienced frustration, annoyance and inconvenience because of the way John Lewis dealt with the claim. While for the reasons already explained, I'm satisfied the outcome it reached was correct, its delay in investigating isn't in dispute.

I know our investigator has already noted that at the material time banks and other card providers were experiencing an unprecedented number of similar claims as a result of Covid-related events. It's important to recognise that this contributed towards the time John Lewis took.

However, it doesn't explain why Mrs P was asked to provide information she'd already supplied. I accept that some of John Lewis's requests were unnecessary, prolonging the investigation and further frustrating Mrs P.

I don't consider it would have been appropriate for John Lewis to decide at the outset that the claim could never have been successful. I appreciate Mrs P feels doing so would have saved a lot of time and enabled her to move forward with her insurance claim much sooner. However, as our investigator has already observed, there were factors relevant to the claim that might have led to a different outcome depending on the individual circumstances.

I'm satisfied it was appropriate for John Lewis to look further into matters to see if there was a basis for a successful claim before reaching the outcome it did – even if it could have done rather better overall in the way it conducted that investigation.

The remaining question, then, is the appropriate level of compensation to reflect Mrs P's time and trouble arising from those shortcomings. John Lewis's initial offer of £50 was clearly not enough. I think the additional £100 it proposed in its final response might have been a reasonable starting point. In Mrs P's specific circumstances, I agree with the investigator that it didn't quite reflect the difficulties she was caused.

There is a distinction to be drawn between emotional distress and the everyday frustration or annoyance many of us experience when dealing with organisations and businesses. I don't want Mrs P to think I'm understating the way she felt about the lengthy process she went through. But having regard to the general level of awards we make, which can be found on our website, I share the investigator's view that a total payment of £200 fairly reflects the impact of John Lewis's actions on Mrs P.

My final decision

My final decision is that to settle this complaint, John Lewis Financial Services Limited should pay Mrs P a total of £200. To be clear, this amount includes any sums it has previously offered or paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 23 March 2023.

Niall Taylor
Ombudsman