

The complaint

Mr A complains about the way in which Tesco Personal Finance PLC (“Tesco”) handled his claim when he had a dispute over airline tickets he bought using his Tesco credit card.

What happened

On or about 4 January 2024 Mr A booked return flights at a total cost of £486.31. He paid using his Tesco credit card. He was to travel from the UK on 26 January, returning on 23 February.

Mr A says that, when he booked the flights, he included and paid for two pieces of luggage for each of them. But when he received the booking confirmation, it showed only one piece of luggage for the outbound flight. The confirmation showed that two pieces of luggage had been booked for the return flight.

Mr A tried to amend the booking, but was told that it would cost an additional £150 to add a piece of luggage to the outbound booking. Alternatively, he could cancel the booking at a cost of £90 and re-book his flights.

Mr A referred the matter to Tesco, as he said he had not received what he paid for. Tesco considered whether it could make a claim under the chargeback scheme and whether it had any liability to Mr A under section 75 of the Consumer Credit Act 1974 (“section 75”). It concluded however that it could not properly raise a dispute under the chargeback scheme and that Mr A had not shown that he had a claim against the supplier for breach of contract or misrepresentation. It therefore declined his claim. It did however accept that it had not handled matters as well as it should have done (in particular, by failing to return a call as promised) and credited Mr A’s card account with £25.

Mr A did not accept Tesco’s response and complained first to Tesco and then to this service.

One of our investigators considered what had happened and issued a preliminary assessment. He did not recommend that the complaint be upheld. He thought that Tesco had handled both the chargeback and the section 75 claims fairly.

Mr A did not accept the investigator’s assessment and asked that an ombudsman review the case.

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 shall discuss first a procedural issue which Mr A has raised. He says that, when Tesco declined his claim, it should have provided him with referral rights, so that he could refer his concerns to this service.

The Financial Ombudsman Service deals with complaints, not claims. A “complaint” is defined in the Financial Conduct Authority’s Handbook as an “... *expression of dissatisfaction, whether justified or not, from, or on behalf of, a person about the provision of, or failure to provide, a financial service* ...”. In making a claim to Tesco, Mr A was not expressing dissatisfaction about a financial service. His complaint about Tesco arose when, having received a response to the claim, he said that he was unhappy with that response. It was only at that point that Tesco was under an obligation to follow the relevant complaint-handling rules.

I turn then to the chargeback claim. Where goods or services are paid for with a debit or credit card and a dispute arises, it is often possible to resolve that dispute through the chargeback process. Chargeback is a scheme run by the card schemes (in this case, Mastercard). A card issuer (here, Tesco) raises a claim through the scheme against the merchant’s provider of card facilities.

There is no legal or regulatory duty on a card issuer to raise a chargeback, but this service takes the view that it should do so if there is a reasonable prospect of success. In this case, Mr A used the flights he had paid for. He was however unable to show that he had booked and paid for an additional piece of luggage. In the circumstances, I think it was reasonable for Tesco to take the view that a chargeback would probably be defended and that any defence would be successful. In my view, it was not unfair for Tesco to decide not to pursue a chargeback claim.

Tesco also considered a claim under section 75. One effect of section 75 is that, subject to certain conditions, an individual who uses a credit card to pay for goods or services and who has a claim for breach of contract or misrepresentation against the supplier of those goods or services has a like claim against the credit card provider. In this case, the necessary relationships between the business which took the booking, Tesco and Mr A are all in place, and the necessary financial conditions are met.

I have therefore considered Mr A’s dealings with the booking company.

Mr A’s claim is, in summary, that he did not receive all the services he had paid for. Instead of a booking for two pieces of luggage on his outbound flight, he received a booking for only one piece of luggage. Unfortunately, however, he has not been able to provide evidence of what his booking included or to show that the booking he made differed from what he received by way of confirmation of it. In the circumstances, I don’t believe that I can fairly conclude that he received less than what he booked and paid for.

I appreciate of course that Mr A cannot have anticipated that he might need to show what he booked (for example, by keeping a screenshot), but the reality is that there is no evidence to support what he says happened. He has highlighted that he would not have booked flights with one bag for the outbound trip and two for the return. I accept that most travellers are likely to take the same amount of luggage on both legs of a return trip, but that is not always the case; and many airlines now require passengers to book luggage for each individual flight.

In any event, the issue here is not what Mr A intended to book, it’s whether he in fact booked what he thought he did.

It is not for me to say whether Mr A does in fact have a claim against the booking company. Nor is it for me to decide whether he has a claim against Tesco under section 75. What I must do is decide what I consider to be a fair resolution of Mr A's complaint about Tesco. In the circumstances, I think that Tesco's response to the section 75 claim was reasonable.

My final decision

For these reasons, my final decision is that I do not uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 5 December 2024.

Mike Ingram

Ombudsman