

The complaint

Mrs B complains that HSBC UK Bank plc won't refund to her the £1,245.87 that she paid for a hotel booking.

What happened

Mrs B used her HSBC credit card to pay £1,245.87 in August 2023 for a non-refundable hotel booking. She says that she became aware in January 2024 of some bad reviews about the hotel so she contacted the booking company and the hotel. She then phoned HSBC and it said that she would get a refund. Mrs B didn't receive a refund so she complained to HSBC and she booked another hotel. HSBC said that it was unable to raise a chargeback claim as the booking company had a no-refund policy. It apologised for the incorrect information that was provided to Mrs B regarding her claim and the promised call backs that weren't honoured and it paid her £400 compensation for the inconvenience. It also said that it would look into her claim under section 75 of the Consumer Credit Act 1974.

Mrs B wasn't satisfied with its response so complained to this service. Her complaint was looked at by one of this service's investigators, who having considered everything, didn't recommend that it should be upheld. She said that there wasn't a valid chargeback code for this situation so HSBC couldn't have raised a successful chargeback but it was clear and accepted by both sides that the customer service provided wasn't up to standard. She said that HSBC had offered £400 in compensation and she thought that was fair and reasonable. She said that HSBC was investigating Mrs B's section 75 claim so she wouldn't comment on it.

Mrs B didn't accept the investigator's recommendation and asked for her complaint to be considered by an ombudsman. She says that HSBC promised her several times that she would receive a refund. HSBC then responded to Mrs B's section 75 claim and said that it was unable to determine a breach of contract or misrepresentation by the retailer because the booking was made on a non-refundable basis. Mrs B has made a complaint to this service about HSBC's response to her section 75 claim and that complaint is being dealt with separately.

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.

If a consumer disputes a card payment, the card issuer may be able to make a chargeback claim to the merchant under the relevant card scheme to try to settle the dispute. There's no right for a consumer to require that a chargeback claim be made and the applicable scheme rules set out the disputes that can be considered and the time limits for making a claim. If the right to make a chargeback claim exists under the applicable scheme rules, and if there's a reasonable prospect of success, I consider it to be good practice for a chargeback claim to be made.

Mrs B accepts that she'd made a non-refundable booking and HSBC said that it was unable to raise a chargeback claim as the booking company had a no-refund policy. I don't consider that HSBC should have made a chargeback claim to the booking company in these circumstances so I don't consider that it acted unfairly or unreasonably in not doing so.

Mrs B phoned HSBC about her claim in January 2024 and she was told, quite clearly, that she would definitely get a refund. She hadn't received a refund so she phoned HSBC again in February 2024 and twice in March 2024. HSBC declined Mrs B's claims so didn't refund to her the £1,245.87 that she was expecting but it apologised for the incorrect information that was provided to her regarding her claim and the promised call backs that weren't honoured and it paid her £400 compensation for the inconvenience.

Mrs B has provided evidence to show that she paid £1,692.16 for another hotel on 28 March 2024 and she says that the booking was made a couple of days before then. But she'd been told by HSBC during a phone call on 22 March 2024 that the dispute had been declined as it was a non-refundable booking and she was advised that she needed to take it up with the booking company. So, at the time that she made the booking for the alternative accommodation, she was aware that HSBC wouldn't be refunding £1,245.87 to her but she made the booking. The hotel booking that she'd originally made remained available for use so I consider that it was Mrs B's decision to make and pay for the alternative booking.

HSBC has paid £400 compensation to Mrs B and I'm not persuaded that it would be fair or reasonable in these circumstances for me to require it to refund to her the £1,245.87 that she paid for the original hotel booking or to take any other action in response to her complaint. I've made no finding on Mrs B's complaint about HSBC's response to her section 75 claim as that complaint is being dealt with separately.

My final decision

My decision is that I don't uphold Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 10 March 2025.

Jarrold Hastings
Ombudsman