

The complaint

Mr F is unhappy about how Tesco Personal Finance Limited handled his disputes for transactions made using his Tesco credit card account.

What happened

Mr F used his credit card account to pay to book a stay in “Apartment 1” between 18 and 21 March 2024. The booking was made using the services of “X”, which provides a platform for property “hosts” to advertise their properties.

Shortly before Mr F was due to stay at Apartment 1, its host notified him the apartment was unavailable and offered Mr F Apartment 2 to rent. Mr F agreed with the host that he would rent Apartment 2, which cost £120 less than Apartment 1. The host offered to refund this difference plus £30.

On 19 March 2024, after spending a night in Apartment 2, Mr F contacted the host to complain about a number of issues. The host made some repairs, and increased its offer of compensation. The compensation was paid to Mr F by X on 21 March 2024.

Mr F notified X of the issues he’d experienced on 22 March 2024. X confirmed the booking Mr F made for Apartment 1 had not been amended to Apartment 2 on its system. X said the amendment had been made with the host directly outside of its platform so it took no responsibility for that.

Mr F disputed his payments to X with Tesco. Tesco issued a final response to Mr F on 11 April 2024. In summary, Tesco said for a claim that the service was below expected standards, a chargeback right exists only where the service has been rejected and there is documented evidence. Tesco said it had no liability under Section 75 of the Consumer Credit Act 1974 (CCA) as X had fulfilled its contractual obligations – it offered alternative accommodation, which was accepted, and refunded the price difference. Tesco said it had insufficient evidence to show the accommodation was misrepresented or not fit for purpose.

Mr F referred his complaint to our service. One of our Investigators said Tesco didn’t treat Mr F unfairly, as a chargeback would not have had a realistic prospect of succeeding. Our Investigator also thought Tesco’s decision to decline Mr F’s claim under Section 75 of the CCA was reasonable as X had not breached its contract with Mr F. The Investigator said X set out what action Mr F needed to take in the event of an issue. As it was not made aware of any issues within the required timeframe, it was unable to remedy them and not obliged to take further action. Our Investigator thought Tesco handled Mr F’s claim within a reasonable timeframe.

In response, Mr F said he didn’t enter into a separate contract with the host, saying it was a “transfer”. Mr F also said X breached his contract because Apartment 1 was unavailable. Mr F also said X was aware as it paid the refund on 21 March 2024. Mr F asked for an Ombudsman to review his complaint.

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.

Here, it's not in dispute that Mr F was very unhappy with his stay in Apartment 2 and I'm sorry he had a number of problems. But my role here is to decide whether Tesco acted reasonably in its role as a financial services provider, so my decision will only comment on issues I think are relevant to determining this issue.

Should Tesco have raised chargebacks for the payments made to X?

Chargebacks are decided on the card scheme's rules. Here, the rules are set out by Mastercard, which Tesco has no power to change.

Tesco told Mr F it only has chargeback rights where a service has been rejected, but this isn't correct. Under Mastercard's rules, Tesco could have considered raising a chargeback on the grounds that the service provided by X was not as described or defective. For a successful chargeback on this ground, it must be shown that X refused to adjust the price, repair or replace the goods, or issue a credit. But here, Mr F did receive a credit, which was paid by X on 21 March 2024. Whilst Mr F is unhappy with the amount of refund received, it remains that X did adjust the price and/or issue a credit. I don't think the conditions for a successful chargeback were met. So even if Tesco had raised a chargeback, I think it's unlikely it would have succeeded. Because of this, I don't think Mr F is worse off because Tesco declined to raise a chargeback.

Should Tesco have upheld Mr F's claim under Section 75 of the CCA?

Section 75 of the CCA sets out that in certain circumstances, Tesco, as the finance provider, is jointly liable for any breach of contract or misrepresentation by X as the supplier of goods and services. Here, I am satisfied that there is a valid link between Mr F as the debtor, Tesco as the creditor and X as the supplier of services given it offers certain guarantees as part of its "cover" for guests, which I'll set out below.

Mr F's receipt for his booking with Apartment 1, sent to him on 10 December 2023, contains a link to X's terms and conditions and its "help" section, that set out its 'cover' for guests. This cover sets out that if X decides there is an issue that's supported by cover, and the guest would like to leave, X will help the guest find somewhere else to stay or offer a refund. As X was not notified of the issues during Mr F's stay, I don't think it was obliged to offer help under its cover.

Outside of its cover, X's terms and conditions say that if a host and guest can't reach agreement, issues must be reported to X within 72 hours of discovery to be eligible under its rebooking and refund policy. X was not notified within 72 hours of the issues that were discovered on 18 March 2024, so I don't think it was obliged to take further action under these terms and conditions. Mr F says X was aware because it posted a refund on 21 March 2024. But this simply shows that X posted a refund, not that it was made aware of the issues so I don't think this shows Mr F within the timeframe required by the terms and conditions. Overall, I don't think there's sufficient evidence that X breached its contractual obligations here.

I have not been able to review the link to the property on X's website, which the host sent to Mr F. But X was not aware Mr F had stayed in Apartment 2 rather than Apartment 1 so, on balance, I don't think the evidence shows X made a misrepresentation about Apartment 2 to Mr F so it was reasonable for Tesco to decline his claim on this basis.

In summary, I think Tesco's decision to decline Mr F's claim on the grounds that there was no misrepresentation or breach of contract was a reasonable one. And having reviewed Tesco's handling of Mr F's claims, I think Tesco responded to him in a reasonable timescale of around two weeks, and well within the required timescales for a final response. So, I have not awarded any compensation on this basis.

My final decision

I realise my decision is likely to disappoint Mr F, but I have not upheld his complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 23 April 2025.

Victoria Blackwood
Ombudsman