

The complaint

Mrs T complains that holiday accommodation she booked was not of a satisfactory standard. Because she paid for the accommodation with her credit card, issued by Nationwide Building Society, she says that she has a claim against it in the same way as she has a claim against the provider of the accommodation.

What happened

Mrs T booked a break in self-catering accommodation from a business, which I'll call "C". She paid £428 for a break arriving on 8 October and leaving on 12 October 2023 (that is, four nights from Sunday to Thursday). The price included a small supplement for Mrs T's cat.

On the Tuesday of her stay, Mrs T reported that she had no central heating or hot water. The owner attended the following morning and rectified the problem. Mrs T also reported that the taps in the accommodation were noisy, lighting was inadequate, the central heating panel was in a dangerous location and that a large rock was used to prop open the front door – which she thought was a trip hazard.

When Mrs T contacted C about her concerns, it offered her a 15% discount off a future stay, which she declined.

Mrs T therefore contacted Nationwide to make a claim under section 75 of the Consumer Credit Act 1974 ("section 75"). Nationwide made a claim for a chargeback, but that was unsuccessful.

It then considered whether it should accept Mrs T's claim under section 75, but was not persuaded that there was a breach of contract on the part of C. Mrs T did not accept Nationwide's position and referred the matter to this service.

Our investigator was initially not persuaded that Nationwide should accept the section 75 claim or that a refund was due under the chargeback scheme. He did not however think that Nationwide had dealt with Mrs T's concerns sufficiently promptly and recommended that it pay her £75 in recognition of that.

Nationwide accepted the investigator's recommendation, but Mrs T did not. Following further submissions on her part, the investigator recommended that, in addition to the £75, Nationwide pay Mrs T the equivalent of 20% of the cost of one night's stay. Mrs T did not think that went far enough and so the case was passed to me for review.

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'll deal first of all with Nationwide's initial handling of the section 75 claim. In response to the claim it submitted a chargeback request. Mrs T says it should not have done that, since her claim was made under section 75. Whilst the chargeback request was not successful in this case, I don't believe it was necessarily unreasonable for Nationwide to make it. In some cases, that might be a more appropriate way to resolve matters. That said, since Mrs T had made a claim under section 75, it was incumbent on Nationwide to address it within a reasonable time. It could not properly ignore it in favour of a chargeback claim which was not successful.

I agree with the investigator that Nationwide did not address matters as promptly as it should have done. I agree however that a payment of £75 in recognition of that is appropriate and note that Nationwide agreed to that.

I turn then to chargeback. Chargeback is primarily a scheme for resolving disputes about payment settlements – including, for example, where payments are not authorised or are duplicated, or where goods have been paid for but not delivered. It can therefore have the effect in some cases of resolving disputes between merchants and consumers, but it is not always an appropriate or effective mechanism for achieving that aim.

There is no legal or regulatory obligation on a card issuer to pursue a chargeback claim, but this service takes the view that they should do so where there is a reasonable prospect of success.

In this case, Nationwide did attempt a chargeback, but it was not successful. I do not believe I can say that it should have done more.

I've considered the section 75 claim. 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. The necessary relationships between Nationwide, C and Mrs T are present in this case, and the transaction falls within the relevant financial parameters. I have therefore considered Mrs T's dealings with C.

Much of what Mrs T has said about the accommodation – the lighting and the location of the central heating panel, for example – could not in my view give rise to a claim for breach of contract. They are in truth no more than feedback provided to C.

The investigator however took the view that hot water and central heating should have been provided throughout the stay – it was, after all, specifically referred to in the property details. He took the view that it would be fair to require Nationwide to compensate Mrs T for the time between her telling C that it was unavailable and C fixing the problem.

Mrs T said that, even though she did not report the issue until the Tuesday of her stay, she had been without hot water or central heating since her arrival on the Sunday. Any compensation should take that into account. But I think that raises two issues:

- The fact that Mrs T did not report the issue until indicates that she was either unaware of it or that it did not affect her before Tuesday. In either case, she suffered no loss or hardship which would merit compensation.
- Since the issue was easily resolved, it would not be fair to include compensation for any time before C was given the opportunity to fix the problem. There is no reason to think that, if Mrs T had known about and reported the issue immediately on her arrival, it would not have been fixed promptly.

It is not for me to say whether Mr B does in fact have a claim against C. Nor is it for me to decide whether she has a claim against Nationwide under section 75. What I must do is decide what I consider to be a fair resolution of Mrs T's complaint about Nationwide's decision to decline her claim. In the circumstances, I think that the investigator's suggestion of 20% of the cost of one night's stay is reasonable. I calculate that to be £21.40, which I shall round up to £25, to include an element of interest. Together with compensation for the delay in dealing with the complaint, that amounts to £100 in total.

My final decision

My final decision is that, to resolve Mrs T's complaint in full, Nationwide Building Society should pay Mrs T £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 13 February 2025.

Mike Ingram

Ombudsman