

## **The complaint**

Mr B complains about Tesco Personal Finance Limited trading as Tesco Bank's decision to decline to refund the cost of a rental car booking he says he should've been able to cancel.

## **What happened**

Mr B made a purchase for a rental car with a merchant (who I'll refer to as 'E' throughout this decision) in August 2024 using his Tesco Bank Mastercard credit card.

Within 24 hours of booking the service Mr B says he became aware the return time for the rental car was too early, so he contacted E to try to make an amendment. Mr B also asked to have the booking cancelled under what he says are his statutory rights because he'd made his request within 14 days of purchase.

E set out to Mr B that he would incur a charge if he changed or cancelled his booking. It said this as Mr B was looking to make amendments within 48 hours of the car rental service starting, and because the terms and conditions Mr B agreed to when making the booking provided for this.

As Mr B couldn't resolve his dispute with E to his satisfaction, he contacted Tesco Bank to raise a like claim.

Tesco Bank considered the details of Mr B's dispute and declined to raise a chargeback or Section 75 (S75) of the Consumer Credit Act 1974 (CCA) claim. It said the circumstances surrounding Mr B's reason to cancel the agreement didn't meet a dispute reason under Mastercard's chargeback scheme rules. It then went on to consider the claim under S75. As part of this review Tesco Bank requested information from Mr B to evidence E had acted outside of the terms and conditions of the contract. Mr B wasn't able to provide Tesco Bank with evidence supporting his claim, so it didn't pursue a S75 claim further.

Mr B complained to Tesco Bank about its decision, and it issued a final response in October 2024 not upholding the complaint. It said it had acted reasonably when declining to raise claims under both the chargeback and S75 process. Unhappy with Tesco Bank's response Mr B referred his complaint to our service for review.

One of our investigators reviewed Mr B's complaint and didn't uphold it. He didn't consider Tesco Bank had acted unreasonably by not raising a chargeback or S75 claim for the transaction Mr B disputed. He agreed with Tesco Bank's position that the reason for Mr B's dispute wasn't one that met any of Mastercard's chargeback criteria. He went on to say he didn't consider it was unreasonable for Tesco Bank to request further evidence from Mr B under a S75 claim, in order to consider whether E had acted unreasonably by saying Mr B would incur charges for amending his booking.

Tesco Bank didn't respond to our investigator's view; Mr B replied and didn't agree. In summary, he maintained his arguments that he wasn't provided with the timings or the relevant terms and conditions of the car rental agreement before completing the booking. Mr B said Tesco Bank should refund the transaction as he considers it is jointly liable.

Mr B asked for an ombudsman's review, so the complaint has been passed to me to decide.

### **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.

The information in this case is well known to Mr B and Tesco Bank; and I've seen our investigator set out the chargeback and S75 processes within their view. So, I don't intend to repeat this information here.

I've focused my decision on what I consider to be the key points of this complaint. I don't mean to be discourteous to Mr B or Tesco Bank by taking this approach, but this simply reflects the informal nature of our service.

I've set out below what I consider Tesco Bank ought reasonably to have done when it obtained details of Mr B's dispute under different headings for ease.

#### A chargeback claim on Mr B's behalf

I've seen Tesco Bank initially considered whether the transaction could be disputed by it raising a chargeback claim on Mr B's behalf.

Chargeback is a voluntary evidence based scheme controlled by the card scheme operator (in this case Mastercard) to look to resolve some disputes between cardholders and merchants. Therefore Tesco Bank, as the card issuer in this process, is bound by Mastercard's rules.

Given the individual circumstances of the dispute, I don't consider Tesco Bank acted unreasonably by concluding it couldn't raise a chargeback claim on Mr B's behalf. I say this because looking at the Mastercard chargeback scheme rules, I don't consider there's a dispute reason that relates to the individual details concerning Mr B's dispute.

I've noted, in any event, that as chargeback is an evidence based scheme, Mr B would have needed to provide Tesco Bank with convincing evidence to support a claim. Mr B has been unable to provide documentary evidence that he wasn't presented with the timing of the agreement or the terms and conditions before making his booking. So, I don't think it's unreasonable to suggest that a chargeback claim would, on balance, more likely than not have limited chance of success.

As I consider the individual details of the dispute don't meet a chargeback dispute reason, I consider Tesco Bank acted reasonably by not raising a chargeback claim on Mr B's behalf.

#### A S75 claim

Tesco Bank went on to consider Mr B's claim under S75 of the CCA as the transaction in dispute met a S75 claim criteria – being an individual transaction of over £100 but below £30,000 made to a merchant with a debtor (Mr B), creditor, (Tesco Bank) and supplier (E) relationship.

As part of its consideration of a S75 claim Tesco Bank needs to be satisfied a breach of contract or misrepresentation has occurred.

When considering Mr B's claim Tesco Bank asked him to provide further information by way of the details Mr B was presented with, including the terms and conditions, before making the booking. Tesco Bank asked for this information so it could reasonably understand whether E had created a breach of contract by acting outside of the terms and conditions; or had created misrepresentation by omitting to provide Mr B with these details when he entered the agreement.

Mr B wasn't able to provide Tesco Bank with this information. He's said he booked the rental car having accessed the website via a link from an email. Mr B says there were no details provided showing the timings of the car rental period, or terms and conditions relevant to the booking, before he paid for the service.

Tesco Bank declined to pursue Mr B's S75 claim on the basis that it couldn't reasonably understand what Mr B was presented with when making his booking; and therefore, it couldn't conclude a breach of contract or misrepresentation had taken place.

I've carefully thought about the information Mr B has provided, both within his testimony and in the form of documentary evidence when thinking about Tesco Bank's decision not to pursue a S75 claim.

I've noted that as part of our investigator's correspondence he asked Mr B to provide us with the email with the link to the car rental site, as well as any other evidence which Mr B felt may further support his case. I've seen Mr B didn't provide any further evidence for our consideration.

I can't be certain what information Mr B was presented with when he accessed the car rental site and made a booking. Where information is in dispute as it is here, I must make a decision based on balance; that is to say what I consider is more likely than not to have been the case.

Like our investigator, I've reviewed E's car rental website to look as best as possible to understand what Mr B may have been presented with. The information I've seen does set out terms and conditions under an 'important information' link. These terms and conditions set out charges for changes or cancellations to bookings within 48 hours of an agreement starting. There appears to be one set of terms and conditions relating to any car rental booking through E, no matter which car rental supplier actually provides the vehicle.

While I don't doubt the testimony Mr B has provided Tesco Bank and our service, to uphold a S75 claim Tesco Bank needs to be satisfied a breach of contract has occurred; or, that misrepresentation occurred because E omitted to provide information which induced Mr B to enter into the contract. On balance, the evidence I have means I think Tesco Bank have treated Mr B's S75 claim reasonably

#### Mr B's statutory rights to cancel the agreement

Mr B has made reference within his complaint to his statutory rights to cancel the agreement within 14 days without incurring any penalty. It appears from his correspondence with E and Tesco Bank that he's referred to The Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 (CCR) and the Consumer Rights Act 2015 (CRA).

Mr B considers as E didn't agree to cancel his booking without penalty that Tesco Bank are jointly liable to refund him for the transaction under his statutory rights.

Our investigator recently contacted Mr B setting out my thoughts in relation to this part of his complaint. Our investigator did this in order to provide Mr B with an opportunity to present

any further comments or information he may want me to consider, before I issue this final decision. Mr B didn't respond by the deadline provided; so, I've proceeded to set out my findings on this point below.

I've carefully considered the CCR and CRA Mr B has made reference to, as well as other relevant rules, law, and instruments to consider whether Tesco Bank could or should have supported Mr B in any other way in relation to the dispute he'd raised.

The CCR ensures consumers and traders are clear about consumer rights, and in part, cancellation rights and responsibilities.

I've seen Mr B referred E to sections 29 to 34 when looking to resolve his dispute. I've reviewed section 28 titled '*Limits of application: circumstances excluding cancellation*' which is found under '*PART 3 Right to cancel*'.

Provision (1) states: '*This Part does not apply as regards the following—*' and (h) states: '*the supply of accommodation, transport of goods, vehicle rental services, catering or services related to leisure activities, if the contract provides for a specific date or period of performance.*'

I therefore consider as the service Mr B entered into was for the supply of a rental car, that he isn't provided with any statutory rights to cancel that are set out under Part 3 of the CCR.

The CRA provides for the provisions of services under chapter four. Unlike a consumer's right to reject goods within a 30 day period for certain criteria (chapter one of the CRA), a consumer doesn't have the same recourse for the provision of a service. The CRA details information relevant when the service hasn't been carried out as entered into, but doesn't provide for a right to reject.

I therefore consider under the CRA Mr B has no automatic right to cancel the service agreement he'd entered into with E.

So, had Tesco Bank considered Mr B's statutory right to cancel the car rental agreement under its liability of a S75 claim as a breach of contract, I don't consider it would reasonably have reached a different outcome.

I acknowledge my decision will likely be disappointing for Mr B. But for the reasons set out above I haven't found Tesco Bank has acted unreasonably when dealing with his dispute; so, it therefore follows I'm not directing it to take any further action in resolution of his complaint.

### **My final decision**

My final decision is that I don't uphold Mr B's complaint about Tesco Personal Finance Limited trading as Tesco Bank.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 29 July 2025.

Richard Turner  
**Ombudsman**