

The complaint

Mr L is unhappy with how Nationwide Building Society (“Nationwide”) handled his refund claim.

What happened

Mr L booked a one week caravan holiday with a supplier I shall call J. This was paid using his Nationwide credit card at a total cost of £1,144.00. However upon arrival he found that the caravan was of a far lower standard than he’d expected. He says this adversely spoiled his holiday and wants to be refunded as a result.

As J told Mr L a refund wouldn’t be due he subsequently contacted Nationwide to raise a chargeback claim against J and a Consumer Credit Act 1974 (“CCA”) section 75 claim (“S75”) against Nationwide.

Nationwide considered Mr L’s chargeback claim but said this wasn’t possible as he stayed for the length of the holiday. They did admit however that the initial reason for the claim rejection had been incorrectly provided to Mr L. They’d said that as J hadn’t responded to them this meant the chargeback claim couldn’t be taken further. As this was incorrect they offered £75 compensation to address this.

They also considered a S75 claim for what’d happened and offered a 10% refund as a gesture of goodwill for the issues raised with the quality of the caravan. Nationwide in their notes say that Mr L did initially accept this offer. However Mr L has said that he subsequently asked for this to be reviewed again due to Nationwide’s initial error with the chargeback claim which meant he didn’t have faith they’d looked at his claim properly. As Nationwide didn’t respond further, he brought the complaint to our service.

Our investigator reviewed his complaint and concluded that Nationwide were correct in declining the chargeback claim as he’d stayed for the duration. They also felt the refund offered under the S75 claim was appropriate.

Mr L didn’t agree and asked for an ombudsman to issue a decision on the matter.

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 previously issued a provisional decision. I said:

“I’ve read and considered the evidence submitted by the parties but won’t comment on it all –only the matters I consider to be central to this complaint. This isn’t intended as a discourtesy but reflects my role in resolving disputes informally.

It's important to note that Nationwide aren't the provider of the services here – so in deciding what is fair and reasonable, I'm looking at their particular role as a provider of financial services. In doing so I note that because Mr L paid for this transaction using his credit card, both chargeback and a S75 claim could possibly help him. So in deciding what is fair and reasonable I've focussed on this.

Chargeback

There is no requirement for Nationwide to raise a chargeback, but it's often good practice to do so. However, a chargeback isn't guaranteed to succeed and is governed by the limitations of the particular card scheme rules (in this case Visa).

I've considered the relevant chargeback rules in deciding whether Nationwide acted fairly.

The card scheme rule that covers quality of goods and services received – such as Mr L's caravan stay) – require that a service is cancelled and limit the amount of a claim to the unused portion of the cancelled service. Mr L didn't cancel his accommodation, and so any chargeback claim on these grounds wouldn't have secured him a refund of his payments.

I appreciate Mr L has said that he wasn't able to return home due to on-going repair works. However as he didn't cancel his booking, Nationwide correctly considered his claim against the chargeback scheme rules in reaching the conclusion they couldn't progress it further.

I'm also aware that Nationwide did initially provide the wrong explanation for why they couldn't move the chargeback claim forward. They offered £75 to address this and I consider this an appropriate level of compensation for the mis-advice given and the impact this would've had on Mr L.

S75

S75 provides that in certain circumstances the borrower under a credit agreement has an equal right to claim against the credit provider if there is either a breach of contract or misrepresentation by the supplier of goods and services.

To assess a valid claim, Nationwide would've needed to consider all relevant evidence for the alleged breach of contract or misrepresentation. But for there to be a valid claim under S75 there are certain technical requirements and I'm satisfied they've been met here.

The crux of Mr L's complaint is the quality of the caravan itself and the fact it wasn't to the standards he expected. I've therefore considered this under S75 in terms of whether there was a breach of contract to Mr L.

Mr L said he'd purchased the 'gold standard' caravan stay with J and expected this to have high standards. However he ran into a series of issues including broken fixtures and fittings, as well as cleanliness issues.

J declined to provide a refund and said alternative accommodation wasn't available. However Mr L has said this caused considerable impact on his holiday and wasn't up to expectations.

In reaching my findings I've considered the relevant terms of the holiday booking alongside any terms implied by the Consumer Rights Act 2015. In particular the implied terms that services are performed with reasonable 'care and skill' and that information about a service (such as the description of facilities) is taken to be a part of the contract.

I've also reviewed J's website to gain an understanding of this gold standard caravan. The description on their site summarises it as 'The finest' and refers to it as the 'crème de la crème' of caravans. There is also a video of the caravan which shows it to be immaculate. Based on these descriptions, I don't think it would be unreasonable to expect this caravan to then be of a high quality.

With regard to J's terms and conditions I note there is a cleanliness guarantee if notified within four hours of arrival, however it is limited to the "lack of cleanliness of the oven, fridge or microwave, the carpets not being vacuumed, bathroom shower not adequately cleared, dirty guest linen and unemptied bins".

For what isn't covered it states: "interior wear and tear; interior maintenance issues; missing items of inventory; external appearance of the caravan; general signs of age of accommodation; and location of the accommodation on the park". I see Mr L has provided a description of what he was unhappy with on the holiday and backed this up with compelling and credible photos. These showed for example:

- The caravan had multiple issues with the fixtures and fittings including cabinet doors falling off their hinges, wooden blocks propping up the sofa bed causing it to be at a slant and a broken window blind rail.*
- It also was poorly maintained and dirty with examples of black mould on the side of a rail and a large amount on the corner of a window and its frame. Beyond this there are examples of windows with numerous stains along with dirt at the base and both the outside decking and the inside carpets not cleaned.*

This is very different from the gold standard caravan presented on J's site and looks to have fallen far below what would reasonably be expected. In terms of J's terms and conditions for the cleanliness guarantee, much of this wouldn't fall under what is covered but with consideration of the implied terms of the CRA and the available evidence I conclude the accommodation wasn't as described and/or provided with reasonable care and skill.

The CRA also then affords Mr L the right to a price reduction by an 'appropriate amount' when a service doesn't conform to the contract - as has happened here. I need to consider what reduction would be fair with mind to all the available evidence and noting this wouldn't be an exact science. I see Nationwide referred to a 10% refund as a gesture of goodwill and their contact notes said they didn't think there was a breach of contract as these were tied to quality issues. I don't agree it's correct to say there isn't a breach of contract here for the reasons explained.

In order to determine an appropriate price reduction I've noted Mr L's booking confirmation mentions an entertainment pass being included for access to shows, entertainment venues and swimming facilities during the stay.

This would indicate to me that Mr L did intend to spend time outside his caravan for various activities during his visit (which would be reasonably expected as it was a part of a holiday park) and this wouldn't have been impacted by the condition of his caravan. However this doesn't take away at all from the fact there were very notable issues for when he would've been back in the accommodation.

As a result I think the current offer of a 10% reduction is too low, and it should be increased to 33% - or a refund of a third of the cost of the holiday. I say this because the presence of broken furniture such as the sofa bed and cabinets along with mould along surfaces (to mention just some of the issues) would mean this is substantially below the quality of accommodation reasonably expected, especially considering the standard of caravan booked, and does show it hasn't been provided with reasonable care and skill.

This would then reflect the significant loss of enjoyment of staying in a caravan with these issues but with consideration that Mr L should've still been able to enjoy the park and the rest of his holiday overall.

Nationwide has said the original 10% payment has already been credited back to Mr L's account. This means the remainder of this increased refund will need to be paid. This payment should also have 8% interest simple per annum applied from the date the original offer was made to the date of settlement. HM Revenue & Customs requires Nationwide to take tax from this interest. Nationwide must also give Mr L a certificate showing how much tax they've taken off if he asks for one.

Putting things right

Nationwide responded to my provisional decision accepting my conclusions. However I haven't heard anything further from Mr L. Therefore I remain of the same conclusions and my direction to Nationwide remains the same.

My final decision

I direct Nationwide Building Society to:

- Pay the remainder of the 33% refund, beyond the 10% originally paid to Mr L plus 8% interest simple per annum from the date of the previous offer to the date of settlement.
- Pay £75 for the distress and inconvenience caused if not arranged already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 4 August 2025.

Viral Patel
Ombudsman