

The complaint

Mr L complains American Express Services Europe Limited didn't do enough to help get a refund for a transaction made on his credit card.

What happened

In July 2024, Mr L booked a hire car for a trip abroad, paying with his American Express credit card. Mr L booked and paid for the car through a comparison site, which I'll call "S" with the car being supplied by a company I'll call "R".

During the rental period, the car's air conditioning didn't work, with the car eventually breaking down. R supplied a replacement car, although this was smaller than the one Mr L had originally booked. Mr L also incurred costs in collecting the replacement car.

After the trip, Mr L complained to S, saying the original car hadn't been properly serviced, the second car was significantly smaller; again, hadn't been properly serviced and that the customer service from R had fallen below the standards expected. Mr L therefore asked for a refund and reimbursement of the costs he'd incurred in collecting the second car.

It appears S didn't respond to Mr L's complaint, so he made claim under Section 75 of the Consumer Credit Act 1974 ("Section 75") to American Express. American Express considered Mr L's claim but didn't agree it was liable under Section 75, as it said there were too many parties involved in the agreement.

Unhappy Mr L referred his complaint to our service. One of our Investigators looked into what happened. He thought American Express had correctly considered Mr L's Section 75 claim and due to the number of parties involved, it wasn't liable.

Our Investigator also considered whether American Express should have raised a chargeback. Although American Express hadn't considered a chargeback on behalf of Mr L, our Investigator didn't think this had led to a loss, saying based on the evidence available, a chargeback is unlikely to have been successful, so Mr L wouldn't have been able to achieve a refund through this process either.

Mr L disagreed, saying he'd paid S for the car rental and because it had decided to outsource the provision of the car, shouldn't mean he then doesn't have a valid Section 75 claim. In relation to a chargeback, Mr L said it was clear the second car he received was smaller than the one he'd booked, so American Express should have pursued this further.

As agreement couldn't be reached, Mr L's 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.

When a customer contacts their credit card provider for help with a payment that they want refunded, there are normally two options through which it may be able to assist its customer

achieve this. That could be through considering if it's liable under Section 75 or raising a chargeback. I've therefore considered whether American Express acted reasonably on both options below.

Section 75

Section 75 is a statutory protection which says, in certain circumstances, if Mr L paid for goods or services, in part or whole on his American Express credit card, and there was a breach of contract or misrepresentation by the supplier, American Express can be held liable. But there are conditions that need to be met for Section 75 to apply. One of these is that there needs to be a 'debtor-creditor-supplier' (DCS) agreement in place between the parties to the transaction.

Mr L had the credit relationship with American Express because he used his credit card to pay for the car, so he was the 'debtor'. American Express was the 'creditor'. R would be considered as the supplier, as the party who provided Mr L with the car. However, Mr L didn't pay R, rather his payment was made to S, the comparison website.

As such, I'm afraid I've reached the same conclusion as our Investigator – that there are too many parties involved in the agreement for Mr L to have a valid Section 75 claim about the problems with the car. This is because Mr L doesn't have a direct financial relationship with R to create a DCS agreement in respect of the claim he has made about the car.

I've taken on board Mr L's comments that his agreement was with S, and he considers its decision to outsource the provision of the car shouldn't impact his claim. While I acknowledge Mr L's comments, I haven't found that S did outsource the provision of the car, rather as set out in S' terms which Mr L accepted when making the payment, S was simply offering a brokering service.

"We provide a platform through which third party vehicle rental providers can promote, offer and rent their vehicles to end customers and through which end customers, like you, can search, compare and book those rental vehicles.

We act as an agent for independent vehicle rental providers. We do not ourselves own, rent or provide any of the vehicles which are made available for hire on our platform.

When you book a vehicle on this website, your booking is with the vehicle rental provider directly and a separate contract will be formed between you and them."

So, on this basis, I don't find that Mr L entered into an agreement with S for the rental agreement, rather it arranged this on his behalf. Added to this my understanding is Mr L paid for the transaction in full through S, with the applicable section of its terms and conditions again being relevant:

"(A) Fully prepaid

This is where you pay for the vehicle rental in full when you make your booking and we will remit payment to the vehicle rental provider. The payment excludes any additional extras and charges that may become due directly from the vehicle rental provider when or after you collect the vehicle."

This further supports that Mr L didn't enter into a direct financial agreement with R, rather he made payment to S, who in turn arranged a rental agreement with R on his behalf.

Therefore, I think American Express fairly considered Mr L's Section 75 claim and was reasonable in its conclusion that there wasn't a DCS agreement for this transaction. As a result, American Express wouldn't be liable under Section 75 for any problems related to this transaction.

Chargeback

Having established it wasn't liable under Section 75, I would also expect American Express to consider whether there was any other means through which it may be able to assist Mr L, and this includes the process of raising a chargeback.

The chargeback process provides a way for American Express to ask for a payment its customer made to be refunded via the card scheme provider, which in this case is also American Express. Where applicable, it raises a dispute with the merchant (S) and effectively asks for the payment to be returned to the customer. There are grounds or dispute conditions set by the card scheme, and if these are not met, a chargeback is unlikely to succeed.

The process provides an opportunity for a merchant to provide a defence to the chargeback and its own evidence in support of that defence.

American Express hasn't been able to say why it didn't consider a chargeback, so I've thought about whether not attempting a chargeback caused Mr L a loss.

Chargebacks must be raised under certain codes, as set by the card scheme. The most applicable to Mr L's dispute would have been *"received goods or services not as described or defective."*

However, Mr L's agreement with S was that it would arrange car hire with R, which it did. So had S defended the chargeback I think it would have been able to show that it did what was expected of it, in that it did arrange car hire on behalf of Mr L with R. Added to this, a chargeback can only be raised for the transaction amount, so isn't a route to recover additional costs, such as the costs Mr L incurred on collecting the second car.

Therefore, while American Express didn't consider or raise a chargeback, I don't think this led to a loss for Mr L. I say this, as based on the evidence available, I don't think a chargeback had a reasonable prospect of success in achieving a refund, as S would have been able to demonstrate it had provided the services it was paid for, in that it arranged car hire with R on Mr L's behalf.

Conclusion

In conclusion, while I appreciate this answer will likely come as a disappointment to Mr L and isn't meant to detract from the problems he experienced while abroad, I think American Express has acted reasonably in considering his request for a refund. I think it fairly considered whether it was liable under Section 75, and for the reasons set out above I'm satisfied it wasn't. And although American Express didn't raise a chargeback, I haven't found this caused Mr L a loss. As a result, I won't be asking American Express to refund this transaction or the additional costs he'd claimed for.

My final decision

For the reasons I've set out above, I don't uphold this complaint.

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

Christopher Convery
Ombudsman