

The complaint

Mrs K complains that National Westminster Bank Public Limited Company failed to treat her fairly regarding a credit card payment she made.

What happened

Mrs K booked a package holiday via a tour operator, which I'll refer to as "J", for her family. An initial amount, of £240, was paid on Mrs K's NatWest credit card; the rest of the balance was paid using debit cards for other current accounts Mrs K holds – one of which is also with NatWest.

Unfortunately, Mrs K and her family didn't enjoy their holiday. That was down to the hotel accommodation, which Mrs K's party found to be undergoing building and maintenance work; Mrs K says they received poor service from hotel staff, the hotel was unclean and had little regard for health and safety, there were issues at mealtimes, and also with on-site facilities and entertainment.

What I've described above isn't an exhaustive list, there were several other issues that Mrs K and her party encountered. So, after arriving back home, Mrs K complained to J. In response, J acknowledged the issues at the hotel and agreed, after some back and forth, to compensate Mrs K with £500, which it said was around 40% of the cost of the hotel. Mrs K, though, remained unhappy – she thought she should receive a full refund, and approached NatWest for assistance.

NatWest considered whether it could pursue Mrs K's claim via chargeback but, ultimately, it determined this had little prospect of success. It didn't consider a claim under Section 75 ("S75") of the Consumer Credit Act 1974 ("CCA") until Mrs K had raised a complaint. When it did review a claim under S75, NatWest first agreed to offer Mrs K £48 – that's 20% of the £240 she'd paid on her credit card; Mrs K didn't accept that, and she contacted this Service for an independent review. NatWest later increased that offer, while the complaint was with our Service, and said it'd pay Mrs K £605 – which is around 20% of the total £3,020 holiday cost.

An Investigator here looked at what had happened and, in summary, said that NatWest's offer of £605 was a fair one – particularly when considered alongside the £500 Mrs K had received from J. Combined, that'd represent a refund of around 88% of the hotel cost. In the round, given Mrs K and her party had benefitted from the other elements of the package holiday – like the flights and transfers – such a refund was an appropriate way to resolve the dispute. The Investigator did award some additional compensation, of £75, because of how NatWest had handled Mrs K's dispute.

NatWest agreed with the Investigator; Mrs K, though, disagreed and she asked for an Ombudsman's decision. So, as no agreement has been reached, 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.

Having done so, at the outset, I'll say that I have a great deal of sympathy for Mrs K and her family. I'm left in no doubt that what happened had a profound effect, and it's certainly unfortunate, to say the least, that her party didn't enjoy their holiday through no fault of their own. That said, I'm not going to recommend that NatWest take any further action. That'll no doubt be disappointing for Mrs K; so, I'll explain why.

Broadly speaking, in scenarios like this, there are two main ways a customer can try to recover money paid to a supplier. They can approach their bank or credit provider – like NatWest here – to recover the money through a chargeback, which is a voluntary process operated by the relevant card scheme (like Visa, or Mastercard); or, a customer can ask that their bank or credit provider assess whether they have a valid claim under Section 75 of the Consumer Credit Act 1974. Here, as I understand it, NatWest did eventually consider both potential routes for Mrs K and, for ease, I'll address both aspects in turn.

Chargeback

The chargeback process provides a way for the card issuer – in this case that's Mrs K's bank, NatWest – to help a customer claim a full or partial refund of the amount they paid on their card, if certain things go wrong with what they've purchased. The process is mediated by the card scheme whose logo appears on the card in question; for Mrs K, I understand this to be Mastercard. Card schemes set various rules covering things such as what sort of scenarios are eligible for a chargeback, the kind of evidence required, and how long a person has to submit one.

It is, generally speaking, good practice for a card issuer to attempt a chargeback where the right exists and there's a reasonable prospect of success. That said, they're not guaranteed to be successful, and a consumer isn't able to demand that their card issuer attempt one. A chargeback can be defended too; the party which received the payment – generally known as the 'merchant', which would be J here – can resist a chargeback attempt. If neither the consumer nor the merchant concedes then, ultimately, the card scheme itself can be asked to rule on the dispute in a process called arbitration.

Here, J had taken steps to resolve the matter by way of a £500 refund; our Investigator considered that action to be a likely reason why any chargeback raised here wouldn't be successful. The Investigator also noted how the hotel had been described by J as "...*newly refurbished for 2024...*", and J's literature didn't explicitly state that maintenance or refurbishment work *wouldn't* still be underway.

On balance, I'd consider it generally likely that any chargeback attempt would've been defended by J, largely incorporating the reasons above. Those aspects aside, in my view, there's a further reason a chargeback would have little chance of success here: the other major card scheme (Visa) will only consider a chargeback for goods and services not being as described, or being defective, for the portion of the cancelled service. Mastercard doesn't have such an explicit rule in its own chargeback scheme, but I think it highly likely it would look at things the same way.

Essentially, Mrs K's party had stayed for the duration of their holiday – albeit unhappily – and hadn't cancelled; there are entirely plausible reasons why they didn't, of course, but I don't think the card scheme would make provision for that. So, any chargeback very likely wouldn't succeed because it was being attempted for a service which hadn't been cancelled. Overall then, with all of that in mind, I don't think it likely that a chargeback would've been a successful route to the outcome Mrs K was seeking.

Section 75

When a person purchases goods or services using a credit card, S75 of the CCA allows them – subject to certain conditions being met – to hold their credit card issuer liable for any breach of contract, or misrepresentation, by the supplier of the goods or services. A breach of contract occurs when one party to a contract fails to honour its contractual obligations to the other. Such obligations may be written into the contract, or they may be treated as included by the operation of certain laws; like the Consumer Rights Act 2015 ("CRA"). These terms are sometimes referred to as "implied terms".

Here, Mrs K bought a package holiday. That means the Package Travel and Linked Travel Arrangements Regulations 2018 ("PTRs") are applicable to the contract too, alongside what I've set out above. That's important to note, because the PTRs make J responsible for the performance of the package. The PTRs also set out that J is to provide an appropriate price reduction where parts of the holiday contract are not performed correctly.

The CRA, which I mentioned earlier, sets out that a term of any contract for services means the services will be performed with "reasonable care and skill". Broadly, this would mean that services should be carried out at a level of care and skill expected of a competent practitioner of those kinds of services. So, here, in Mrs K's scenario, that'd include the performance of the flight and the airport transfers, as well as the provision of the accommodation.

In analysing the performance of the package here, and whether it was carried out with reasonable care and skill, I've considered that J – being a package holiday organiser – subscribes to an industry code called the ABTA Code of Conduct. This sets out certain standards, which organisers like J are expected to adhere to. So, broadly, I think it would be fair to say that a failure to adhere to those standards would establish a lack of reasonable care and skill.

There's no dispute, as I understand it, about the flights or transfers which Mrs K and her party used. She has, though, provided a significant amount of testimony about the standard of the accommodation – supplying photos and videos – and I thank her for taking the time to do so. Her evidence clearly demonstrates extensive ongoing building/renovation works at the hotel. While I won't list everything, loud power tools can be heard; Mrs K's photos show how units for the hotel's rooms, like broken shower trays, for example, appear to have been discarded in open communal spaces, a drain cover was left open without guard rails, and there was exposed wiring in public areas.

ABTA's Code makes clear that organisers, like J, have a responsibility to inform customers of building/renovation works which are likely to impair their enjoyment of a holiday; and I think that applies here. The works clearly adversely affected Mrs K's party and their enjoyment of the holiday, and I've seen nothing to suggest J did inform them of the scale of the works before they travelled. Mrs K did speak with J shortly before travelling, having read some reviews which mentioned the works online; as I understand it though, J told her the works were completed.

Overall, I do think the issues Mrs K faced at the hotel constituted a failure to provide the service with reasonable care and skill. J appears to have accepted this; a transcript of a call, provided by Mrs K, sets out how J acknowledged that proper notice of building/renovation works wasn't provided. So, overall, I'm satisfied there was a breach of contract for which Mrs K could also hold NatWest liable under S75 of the CCA. I don't intend to cover whether the holiday was misrepresented or not, given I'm satisfied a breach of contract occurred; so, I've next considered what fair redress for Mrs K would look like.

As I understand it, J's resort representative did try to assist Mrs K and her party after she'd raised her concerns. A new room was provided; they were offered late check-out and use of an a la carte restaurant. Aside from that, Mrs K was also paid £500 by J – and I think a price reduction, as per PTRs, is appropriate here given the impact of the building/renovation works on the quality of the hotel.

The information I have suggests that £500 refund from J represents about 40% of the hotel cost, and I've calculated it to be around 15% of the total holiday. That in itself is, arguably, a reasonable amount given Mrs K and her party did benefit from aspects of this package holiday; flights and transfers were supplied as agreed, for example. The issue here is chiefly with the hotel, and a 40% reduction in the price of that element of the package isn't, on the face of it, an unreasonable solution.

In any event, NatWest has since said it too will reimburse Mrs K – it's offered a further £605. That's 20% of the total holiday cost and, for completeness, I'll say that approach is correct; Mrs K was the lead name on the booking and can claim on behalf of the whole party, not just herself. Either way, I think the amount offered by NatWest represents a proportionate price reduction when taking a holistic view of the problems experienced against the cost of the holiday.

Overall then, keeping in mind the £500 already received from J, and considering it alongside NatWest's offer here, that would amount to a total refund of £1,105 – a price reduction of around 37% of the total holiday cost, and around 88% of the hotel. I'd certainly consider that a fair and proportionate amount to address the part of the holiday impacted by J's failure to practise reasonable care and skill. So, on that basis, I don't require NatWest to take any further action with respect to Mrs K's S75 claim.

I know Mrs K would like to be reimbursed for the full cost, and I'm left in no doubt that enjoyment of this holiday was indeed impaired for her and her family. For the reasons I've explained, though, I think NatWest has made an offer which is fair in all the circumstances. Fundamentally, as the PTRs set out, I'm satisfied Mrs K has been offered an appropriate price reduction.

Finally, I'll add that I agree with our Investigator's award of £75 compensation for how NatWest handled Mrs K's dispute. It ought to have assessed her dispute under S75 sooner than it did. So, in closing, I find that NatWest has made an offer which is fair and reasonable in all the circumstances; and that it should pay Mrs K £75 compensation for its handling of her dispute.

My final decision

My final decision is that I uphold Mrs K's complaint. National Westminster Bank Public Limited Company has already made an offer to pay Mrs K £605 in respect of her S75 claim, and I think this is fair in all the circumstances. The bank should also pay Mrs K £75 compensation, as I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or

reject my decision before 30 September 2025.

Simon Louth
Ombudsman