

The complaint

Mr A complains about the way in which National Westminster Bank plc handled his claim for a refund when accommodation he rented was not of a satisfactory standard. He paid for the accommodation with his NatWest credit card.

What happened

In July 2024 Mr A booked an apartment rental in Kyiv from 22 July to 19 August, through a well-known online accommodation site, which I'll call "B". The apartment was on the 20th floor of an apartment and was advertised as having wi-fi, television and air-conditioning.

Mr A was not happy with the apartment. He says that there were power cuts, leaving him without hot water or an internet connection. It also meant that the lift did not work. He also says that the apartment was not clean and was generally of a poor standard.

Mr A says that he tried to cancel the booking through B, but was unable to resolve matters. He therefore contacted NatWest for assistance. NatWest considered whether it could make a claim through the chargeback process, but did not believe there were any grounds on which it could do so; Mr A had, it said, used the services provided, and it could not fairly be said that they weren't as described.

The bank also considered whether Mr A might have a claim against it under section 75 of the Consumer Credit Act 1974 ("section 75"). It did not believe he did, since the contract for the provision of the accommodation was with the owner of the apartment, but the credit card payment had been made to B. The bank said that section 75 did not apply in those circumstances.

The bank did acknowledge that its handling of Mr A's concerns had not been satisfactory in some respects. It had sent him correspondence intended for a different customer at one stage, and one of its call-handlers had been impolite on one occasion. It paid Mr A modest compensation in recognition of those matters.

Mr A remained unhappy and referred the matter to this service. One of our investigators considered what had happened but did not recommend that Mr A's complaint be upheld. In doing so, the investigator noted that Mr A had not provided NatWest with persuasive evidence to support his claims; there were also some inconsistencies in what he had said. The investigator thought that it was reasonable to expect Mr A to provide that evidence when he made his claim. Because he did not, it was reasonable of the bank to conclude that a chargeback request was unlikely to be successful.

Mr A did not accept the investigator's assessment, so the case was passed to me for further consideration.

I reviewed the evidence and issued a provisional decision in which I said:

Where a customer has a complaint about the provision of goods or services paid for with a credit card, there are two ways in which they might obtain a refund or other compensation – chargeback and section 75. I'll discuss each in turn.

Chargeback

Where goods or services are paid for with a debit or credit card and a dispute arises, it is sometimes possible to resolve that dispute through the chargeback process. Chargeback is a scheme run by the card schemes (in this case, Mastercard). A card issuer (here, NatWest) raises a claim through the scheme against the merchant's provider of card facilities. That provider will then consider whether the claim meets the relevant criteria for chargeback (if necessary, seeking evidence from the merchant) before responding to the claim. Where necessary, the scheme provides for arbitration between the financial businesses.

Chargeback is however primarily a scheme for resolving disputes about payment settlements – including, for example, where payments are not authorised or are duplicated. But a card issuer can also submit a chargeback request where services are not delivered or are not as described. 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.

Mr A told our investigator that the service was not provided (or not provided in full), because he left the apartment after about a week. But he does not appear to have explained that to the bank, and nor did he provide any supporting evidence – for example, correspondence with B or the host, or documentation relating to alternative accommodation he may have used during his stay in Kyiv.

Mr A said that there were problems with the electricity supply, which meant that some of the amenities in the property description were not available. And facilities not expressly mentioned but which were to be expected – hot water and a lift to the 20th floor, for example – were also unavailable. NatWest speculated that this might have been linked to Russia's military action against Ukraine, but Mr A said there were other causes of the problem. Again, however, he did not provide the bank with evidence to show that was the case, and neither did he say how long he was without electricity.

Mr A also commented on the general cleanliness of the apartment and the quality of some of the furniture. But again, he did not provide NatWest with supporting evidence – such as photographs.

Mr A says that the bank should have provided him with clearer information about what it needed to support a chargeback request. I can understand his argument here, but, whilst I would expect a bank to provide general information to a customer seeking to make a chargeback, it is of course the customer who knows what has led to a claim, and what evidence is available. I agree with the investigator that it was reasonable to expect Mr A to know that, for example, exchanges with B and the host, evidence that he had vacated the apartment, and photographs might be useful in supporting his claim. Because they weren't made available to the bank, I think its conclusion that a chargeback request was unlikely to succeed was a reasonable one to reach.

Section 75

Section 75(1) says:

75 Liability of creditor for breaches by supplier.

(1) If the debtor under a debtor-creditor-supplier agreement falling within section 12(b) or (c) has, in relation to a transaction financed by the agreement, any claim against the supplier in respect of a misrepresentation or breach of contract, he shall have a like claim against the creditor, who, with the supplier, shall accordingly be jointly and severally liable to the debtor.

Section 12(b) of the Consumer Credit Act, which is referred to in section 75, says:

12 Debtor-creditor supplier agreements.

A debtor-creditor-supplier agreement is a regulated consumer credit agreement being —

...

(b) a restricted-use credit agreement which falls within section 11(1)(b) and is made by the creditor under pre-existing arrangements, or in contemplation of future arrangements, between himself and the supplier, or ...

And section 11(1)(b) says:

11 Restricted-use credit and unrestricted-use credit.

(1) A restricted-use credit agreement is a regulated consumer credit agreement —

...

(b) to finance a transaction between the debtor and a person (the “supplier”) other than the creditor, ...

and “restricted-use credit” shall be construed accordingly.

When Mr A booked his accommodation in Kyiv, A acted as agent for the host – that is, the party renting out the accommodation. And it was A which took the credit card payment. That means that the rental was financed under “pre-existing arrangements” between B and NatWest, not between the host and NatWest. It follows that the arrangements for the supply of and payment for the apartment did not fall within section 12(b) and that section 75(1) could not apply to this case.

In view of that finding, I don’t need to make any finding on the question of whether Mr A has a claim against the host. I do however note the investigator’s observations about the lack of supporting evidence – which I have mentioned in my findings about the prospects of a successful chargeback.

In the circumstances, I think that the bank’s decision not to meet Mr A’s claim under section 75 was a reasonable one.

Other matters

There is a reference in Mr A’s exchanges with B to a partial refund of US\$200. He has not said expressly whether he received any money back from B or from the host, so – if only for completeness – I would invite him to clarify the position.

Mr A did not accept my provisional decision. As well as repeating some of his earlier submissions and questioning this service’s impartiality, he said, in summary:

- He no longer has access to evidence about, for example, alternative accommodation, although he could obtain a statement from a friend who assisted him.
- The property description did not mention the lack of water or electricity.
- The bank and this service should have contacted B or the host, or both.

Mr A also clarified that he had received a refund of US\$200.

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.

Mr A's further submissions have not led me to change my view about his complaint.

Whilst it is reasonable in my view to expect a card issuer to provide general guidance about what is needed when a customer seeks a refund of a card payment, it must rely to a large extent on the information a customer provides. When Mr A contacted NatWest about his dispute with B, it said:

"Please be as detailed as you can when explaining your dispute, this will help ensure that all the facts available to us when we review your claim and prevent unnecessary delays. Should any of the requested documentation not be available to you, please let us know why."

In a covering letter include:

- *A detailed explanation of why you are raising a dispute*
- *Attempts to resolve with the retailer*

Supporting documentation to include:

- *Copies of any email or letter correspondence between yourself and the retailer (if you have only spoken over the phone or in person please tell us what was said)"*

Mr A provided only very limited information and evidence about the problems with the apartment. In order to make a chargeback request, Nat West needed evidence to support what Mr A had said about those problems. It was not for the bank to seek that evidence from the host, B, or from other witnesses. In my view, NatWest explained sufficiently to Mr A that he would need to provide that evidence; and he was of course in a much better position to know what evidence was available.

I accept that some of the evidence which might have been available at the time is no longer accessible to Mr A. But what I must consider is whether NatWest had sufficient material to make a chargeback claim when it was able to do so. I don't believe it did, even though it had given Mr A sufficient guidance about what it needed. I believe therefore that it acted reasonably in its handling of the chargeback dispute.

Mr A has not specifically challenged my findings on the application of section 75 but, for the avoidance of doubt, I have reviewed them and remain of the view that it does not apply to the situation here – for the reasons explained in my provisional decision.

My final decision

For these reasons, my final decision is that I do not uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 25 August 2025.

Mike Ingram
Ombudsman