DRN-5710795

The complaint

Mr S complains that Nationwide Building Society has declined his claim for a refund after he was over-charged for the hire of a car whilst on holiday.

What happened

In March and April 2023 Mr S took a holiday to Costa Rica. Through a booking agent, Economy Bookings, he pre-booked a rental car for 15 days, to be collected at and returned to the airport. The booking confirmation recorded that he had made a pre-payment of €387.76, equivalent to US$418.73, and that there would be nothing to pay on arrival.

Mr S also received a rental voucher to present to the car hire company, PriceLess, on his arrival. The voucher recorded that the rental price included unlimited mileage, local taxes, and the airport surcharge. It did not include additional services purchased on the spot from the rental company, or additional insurance.

The rental voucher also included booking conditions, which said:

"*Booking Group has arranged your car rental with the car rental company indicated above You should present voucher on car pick up at the rental desk. Please notice that the voucher is not a rental agreement and when you pick up the vehicle you must sign a rental agreement with Rental Company named on this voucher which will be subject to local laws. Rental amount stated on first page of voucher should be paid to car rental Company. All local fees for services not included in the rental are billed by and under a contract with the Rental Company and are billed in local currency*."

On arrival, Mr S was presented with a rental agreement in the name of Young People S.A. The agreement set out the price of a 15-day rental as follows:

Hire	US$371.85	
SLI	US$299.85	
SLI+	US$284.85	
Tax Rate	US$124.35	US$1,080.90
Paid by broker		US$ 371.85
Balance		US$ 709.05

"SLI" and "SLI+" referred to types of supplemental liability insurance cover, priced respectively at US$19.99 and US$18.99 a day. Mr S paid the balance using his Nationwide credit card. His statement showed this as a payment of £563.32 to "Natural Rent Car".

Mr S says that he subsequently noticed that he should not have been charged as much as this. He said that the SLI+ insurance had been advertised on the rental firm's website at US$11.99 a day, not US$18.99.

Mr S contacted the rental firm, but it would not provide a refund, so he contacted Nationwide, since he had paid the additional fees using his Nationwide credit card.

Nationwide considered Mr S's claim for a refund and, on 29 July 2024, provided its response, which included:

"I am aware that you raised a dispute for a car rental on 20 May 2024 for £563.32, to which we have provided you a partial refund of £83.32. This amount has been calculated based on the information you have provided to us, that being, we can see that you have signed and authorised the agreement of being charged 18.99USD per day. The Sterling amount has been provided based on the daily exchange rate of your dispute being closed."

And:

"You have mentioned that we have not taken the double charged VAT into consideration of your claim. I have reviewed your claim documents, and I can confirm that this was not previously bought to our attention, if you do wish for this to be reviewed please contact our disputes team. Please note, I cannot comment on what the outcome of this will be."

Mr S remained unhappy with Nationwide's response to his claim. In particular, he thought that it should have considered the tax element of it. He thought, whilst he had received a refund of the insurance element of the claim, that had not included local taxes on the over-payment. In addition, he had paid local taxes on the hire price when he had booked the car, but had been charged again when he had collected it.

Local taxes were charged at 13%, so Mr S calculated that his refund should have been US$166.99, that is US$51.99 more than he had received. He referred the matter to this service.

Our investigator considered that Nationwide had done enough to put things right, and so did not recommend that the complaint be upheld. Mr S did not accept that assessment and asked that an ombudsman review the case.

I did that and issued a provisional decision in which I said:

The underlying premise of Mr S's complaint here is that he has been over-charged. That is, he says he has paid more for his hire car package than he agreed to pay. And, because he paid, at least in part, with his Nationwide credit card, it should provide a refund covering the over-payment.

In his assessment of the complaint, our investigator discussed the chargeback scheme, under which some card payment disputes can be resolved. I should mention however that section 75 of the Consumer Credit Act 1974 might be relevant as well. Subject to certain conditions, that enables credit card holders to bring a claim against the card issuer where they have a claim for breach of contract or misrepresentation against the supplier of goods or services. Taking a payment of more than has been agreed and not providing a refund could be a breach of contract; misleading a customer about the price of a product or service could constitute a misrepresentation.

But in either case, one of the key issues for me to consider is whether Mr S has in fact been over-charged, so I have considered that carefully.

As a general observation, I would comment that the comparison of what Mr S paid compared with what he agreed to pay is complicated a little by currency movements. His credit card account is in sterling, but the hire car package was priced in US dollars. And the booking confirmation indicates that the initial payment was priced in Euros.

I note too that the booking agent is referred to both as Economy Bookings and as Booking Group. Similarly, the rental company appears to use three different names. That might be *significant if a detailed analysis of the position under section 75 of the Consumer Credit Act were needed; for reasons I shall explain, however, I don't believe it is.*

The rental voucher indicated that there was nothing to pay on collection of the car. Mr S does not dispute however that he needed to select and pay for insurance. I therefore take that statement to mean that he would not have to pay anything more for the rental itself.

Mr S says that the hire company's website indicated that SLI+ cover would cost US$11.99 a day. The agreement he signed, however, indicated a higher price of US$18.99. It's possible of course that Mr S misunderstood the website and that he was looking at a different type of cover or cover for a different car. But in any event, the price on the website did not in my view form part of the agreement he had reached. Having checked the current version of the rental company's site (which I accept may have changed in the past year), I note that the price of SLI+ cover for the car Mr S hired is listed at US$18.99 a day.

Mr S has received a refund of US$105 in respect of that part of his claim. But my current view is that he initially paid the agreed price of US$284.85 plus 13% tax for the insurance.

I turn then to the issue of local taxes, charged on the car hire and the insurance at 13%. The rental voucher provided by Economy Bookings said that the rental price included local taxes.

The itemised rental agreement which Mr S signed included US$124.35 in taxes, equivalent to 13% of the rental price and the insurance. Of that, US$48.34 is attributable to the rental itself. So, there can be no doubt that Mr S paid tax on the rental at the airport. But had he already paid it on booking?

In my view, there is compelling evidence that Mr S had paid tax on booking. The websites of both the booking agency and the rental company indicate that the 13% local tax is included in the rental price – in contrast to, for example, insurance and extras such as additional drivers, and child seats. And of course, paying tax was not optional and, unlike insurance, not available at different levels. There was no reason not to take payment on booking, in the same way that the airport surcharge appears to have been taken.

I note too that the booking confirmation said that Mr S had made a payment of US$418.73, but the rental company's hire agreement recorded that it had received US$46.88 less than that – roughly, but not exactly, equivalent to 13% of the rental. The reasons for that difference are not clear from the booking agreement. But, since that agreement said that the rental agreement included local taxes and that nothing more was payable on collection of the car, I believe that Mr S did, as he says, pay the tax to Economy Bookings, to be passed on to the rental company. He has therefore paid twice.

It does not follow however that I should make an award in Mr S's favour. I am required by law to reach my decision on the basis of what I consider to be fair and reasonable in all the circumstances. My provisional findings in this case are, in summary:

- *Mr S was not over-charged for his insurance cover, but has received a refund of US$105; and*
- *He was charged twice for local taxes on the car rental and overpaid by US$48.34.*

Overall, therefore, I am not persuaded that Mr S is out of pocket. It follows that it would not be fair to require Nationwide to do any more to resolve his complaint.

Finally, Mr S has said that Nationwide's response to his claim was unclear and that it should have addressed the tax issue along with the insurance issue in its letter of 29 July 2024. I agree with him on both issues. The letter did not explain why, having concluded that Mr S *had agreed the higher price for the insurance, Nationwide was refunding him as if he had agreed a lower price. In addition, he had raised the tax issue before Nationwide had responded to the insurance issue. The two overlapped, so there seems to me to have been no good reason not to have dealt with them together, rather than inviting Mr S in effect to "start again". It should have been obvious that Mr S wanted this to be considered; he would not have raised it otherwise. This does not however make any difference to the overall outcome.*

In response to my provisional decision, Mr S said that he had not in fact received a refund of US$105 as Nationwide had said. Whilst he had received a temporary credit of the equivalent sum (£83.32), that had been reversed in October 2024. Mr S provided a copy of his account statement showing the reversal. He also challenged my findings about the pricing of the insurance cover.

I agreed that the evidence showed the credit of £83.32 had been reversed and that Mr S had therefore been overcharged by US$48.34, representing a double payment of local taxes. I did not however think he had been overcharged for insurance.

I invited Nationwide to make an offer to cover the double payment of taxes. Mr S did not think that was sufficient, however, and asked me to review the case and issue a final decision.

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.

In my provisional decision I concluded that Mr S had been overcharged by US$48.34 but that he had also received a refund of US$105 which he should not have received. In fact, he did not receive a refund.

I must therefore consider again whether he should have done. The temporary credit applied to Mr S's account represented the amount by which he says he was overcharged for insurance. He says the hire company's website priced SLI+ cover at US$11.99 a day plus tax, but he was charged US$18.99 plus tax.

Mr S provided a copy of the website as it appeared at the time. I agree that it shows a price of US$11.99 a day. I am not persuaded however that this was the price he agreed. In my provisional decision, I said:

Mr S says that the hire company's website indicated that SLI+ cover would cost US$11.99 a day. The agreement he signed, however, indicated a higher price of US$18.99. It's possible of course that Mr S misunderstood the website and that he was looking at a different type of cover or cover for a different car. But in any event, the price on the website did not in my view form part of the agreement he had reached. Having checked the current version of the rental company's site (which I accept may have changed in the past year), I note that the price of SLI+ cover for the car Mr S hired is listed at US$18.99 a day.

I accept that the website showed a lower price, and it has since been changed. There was however no confusion on Mr S's part. However, I remain of the view that the advertised price did not form part of Mr S's agreement with the rental company. The agreement he signed showed a price of US$18.99 a day; I cannot agree therefore that he was overcharged for insurance cover or that Nationwide should reinstate the refund.

The overall position is therefore that Mr S has overpaid by US$48.34. Nationwide should therefore refund that sum with interest at 8% a year from the date Mr S's account was debited to the date of the refund. Nationwide has already agreed to provide a refund, but I will make a formal award, so that Mr S can enforce it if necessary.

My final decision

My final decision is that, to resolve Mr S's complaint in full, Nationwide Building Society should pay him US$48.34 or the equivalent in sterling at the date of payment. It should also pay interest at 8% a year simple on that sum from the date on which Mr S's account was debited to the date of payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 August 2025.

Mike Ingram
Ombudsman