

## **The complaint**

Mr F complained about the way Santander UK Plc dealt with a claim for money back for a hotel stay he paid for using his credit card.

## **What happened**

The circumstances of the complaint are familiar to both parties, so I'll summarise the key points.

Mr F booked a four-night hotel stay, including breakfast, for September 2024 via an online website I'll refer to as B which offers a rewards programme for bookings made with affiliated hotels. He paid approximately £815 for the room rate using his Santander credit card to the hotel, I'll call K, along with payments for additional services for around £90.

Following his stay, Mr F raised concerns about the quality of the experience he had. He said he gave feedback to B, and said he copied in K and highlighted several issues. He said in summary:

- Fire escape doors were left open, and he was able to walk through them without challenge, raising concerns about security.
- The entrance and reception areas were littered with leaves, and his first impression was that the hotel was "tatty and unloved". He reported this to staff but it wasn't cleared. He said the staff "lacked the sparkle" of being well led.
- He was dissatisfied with the food and thought it was of poor quality and overcooked.
- Certain food and drink items were unavailable during his stay.
- He did not receive information about rules for pets when he asked.
- He requested a refund of £300, which he said reflected the difference in cost had he booked an alternative hotel.

After making a complaint, B offered Mr F reward points in response to his dissatisfaction. In its last offer, it said the points offered were equivalent to a night's stay. It also said that it would work with K to address the concerns raised. However, Mr F remained unhappy with the outcome and wanted a refund back to his credit card.

Mr F raised a dispute with Santander for the services he received. However, Santander said the claim wasn't covered by the chargeback rules and closed the claim.

Santander also considered a complaint and acknowledged some confusion was caused with the way Mr F's complaint was handled and offered £50 for the customer service it provided. It said it considered a claim under Section 75 of the Consumer Credit Act 1974 (Section 75) but didn't think there was a breach of contract or misrepresentation so didn't agree to pay Mr F £300.

An investigator reviewed Mr F's complaint. He said he didn't think the chargeback criteria was met for the relevant chargeback reason code as he thought the offer made by B was on behalf of K. He said based on the evidence he thought it's unlikely the chargeback claim would've been successful. So, Santander didn't act unfairly because it didn't raise a claim. He also said there wasn't enough evidence to support that there was a breach of contract or misrepresentation for a valid Section 75 claim. He said that the £50 Santander offered and paid to Mr F was fair for any poor customer service Mr F received.

Mr F didn't agree. He explained that his contract was with K and it didn't respond to his claim or make an offer. B made an offer to resolve his complaint, but it wasn't a party to the contract. So, this offer wouldn't have meant the chargeback criteria wasn't met. As B agreed with the service failing, Mr F said this could be considered an expert opinion and therefore his Section 75 and chargeback claim are valid.

As the matter remains unresolved it has been passed to me for a 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.

I want to acknowledge that I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I want to assure Mr F and Santander that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

I also want to highlight that I'm expected to decide the complaint quickly and with minimum formality setting out what I think is fair and reasonable, which I think is important to set out here. Mr F has provided detailed responses and questions to the investigator's assessment. While I don't consider it necessary to address every individual point raised, I have noted his concerns about the chargeback reason codes and his view that our assessment of the likelihood of a successful chargeback was unclear.

I understand Mr F is unhappy with the experience he had at his stay with K. But I need to consider the actions of Santander as the financial services provider in this complaint. I'm not considering a complaint about K or B. I've considered if Santander has acted fairly and reasonably in the way it handled Mr F's request for compensation.

### ***Chargeback***

The chargeback process allows Santander as the card issuer to request a refund for a transaction its customer disputes. Although it's good practice for card issuers to pursue a chargeback when certain criteria are met and there's reasonable prospect of success, there are specific rules set by the card scheme, Mastercard in this case, that must be followed. If the criteria aren't met, a chargeback is unlikely to be successful. Once a chargeback is raised, the supplier is given time to respond. If the supplier disputes the claim, the bank may challenge the defence. If the dispute continues, the card scheme may ultimately decide who retains the funds. There are strict detailed conditions which set out what is needed to raise a chargeback dispute.

In this case, Santander asked Mr F for information but didn't proceed with raising a chargeback claim. For me to say Santander acted unfairly, I would need to find that it failed to raise a chargeback when it should have - for example, if Mr F's dispute appeared to meet

the card scheme's rules. I would also need to be satisfied that Mr F suffered a loss as a result, such as missing out on a refund he was likely to receive, either in full or in part.

Mr F has questioned why "reasonable prospect of success" isn't defined in the scheme rules. I accept the rules don't define this and I can't say for certain what Mastercard would consider to determine a successful chargeback on every complaint that's raised. But for me to decide whether or not Santander acted fairly and where evidence is incomplete, I reach my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available evidence and wider circumstances. So, I've considered if on balance, whether or not the evidence Mr F provided to Santander would've been enough to raise a chargeback and would likely have had reasonable prospect of success.

I think the most relevant condition Santander could have considered when raising a chargeback would have been services not as described or defective. This would be for the payments Mr F made using his credit card and not any cash transactions he may have paid separately. Part of the chargeback conditions states it can be raised if Mr F claimed that the merchant refused to adjust the price, repair, or replace the goods or other things of value, or issue a credit. Mr F has said it was unfair that Santander didn't raise a chargeback, arguing that the affiliated brand group – B - offered reward points not K as the merchant. He disagrees with the investigator's view that this offer was made on behalf of the merchant. He said that K didn't respond to his complaint and therefore must mean it refused to do anything in light of his complaint. I can see Mr F made his payment directly to K and said he copied in an email address for the hotel into his complaint when responding to feedback requested by B.

I acknowledge Mr F's argument that the offer of points may not have come directly from the merchant, and he may be right. It's possible B made the offer as part of its rewards programme and in the interest of customer service, or it may have contacted K and made an offer because of the concerns Mr F raised. However, I can't see we have any evidence to establish the reasons why either way. Based on the evidence provided I can't say for sure that K refused to put things right for Mr F when he said he informed it of the issues he experienced during his stay. However, I don't think this alone would determine whether a chargeback should have been raised. I think Santander had to also consider whether Mr F's claims that the services didn't match the description or were defective - had a reasonable prospect of success.

Mr F provided a detailed account of the issues he experienced during his stay, including references to how the restaurant and reception were described on B's website. While he clearly set out what he expected, I don't think Mr F provided sufficient supporting evidence to show the services weren't as described or defective. I understand it may be difficult to demonstrate that the security was below the expected standard or that the food quality was poor. However, aside from Mr F's own account, I haven't seen supporting evidence - such as correspondence, photos or communication with K - that confirms the services fell short of what was advertised. I can see Santander asked Mr F for further information that he thought would be useful and I've noted that he told our investigator that he had no further submissions to provide. So even if I were to consider that Santander could have asked for specific information from Mr F, I'm not persuaded that he would have been able to provide anything else.

I have to also consider that I can't see any evidence that Mr F raised his concerns with K during his stay and tried to sort things out. It may be that K might have been able to provide Mr F a replacement or by re-cooking the food at breakfast which he was unhappy with or by closing the fire door. That's not to say that Mr F didn't try to do this but that I've not seen enough to be sure if Mr F tried to mitigate the issues at the time.

Mr F has said it was unfair that Santander didn't raise a chargeback, arguing that B acknowledged he had a less than satisfactory experience, which he believes shows the services weren't as described or defective. However, Mr F also maintains that B isn't the merchant. As I explained above, I don't know the exact reasons why B made an offer, it could've been because it had contacted K and wanted to put things right or it tried to resolve things itself by making a gesture of goodwill. However, I don't think B's actions prove the services were defective.

Mr F asked for a £300 refund, he explained the reason for this was because K was more expensive than other options he could have chosen. I can understand why he feels disappointed, especially given that he said his stay didn't meet his expectations. However, I haven't seen enough evidence to show that a partial refund is warranted—particularly as Mr F remained at the hotel for the full duration of his booking. I appreciate that Mr F said it may have been difficult for him to move elsewhere but I think if the services were defective to the point they shouldn't have been used – he could have decided to leave the hotel. And if he did so, then there possibly would have been fairer grounds to claim an unused portion of the services.

Taking everything into account, I think even if Santander could have just accepted Mr F's testimony and put through a chargeback, I think there are evidential challenges to support that the services were not as described or defective. From my experience, I think a chargeback would've unlikely to have succeeded. This is because Mr F made use of his stay and some of what he's complained of and had concerns about were arguably subjective like finding the hotel "tatty and unloved". Also, because it's not clear that Mr F raised the issues, he is unhappy about with K, and ultimately there was a lack of supporting evidence. I don't think Santander acted unfairly by not raising a chargeback claim. Therefore, I don't think it's fair to ask Santander to pay Mr F the £300 he asked for.

### *Section 75*

Another way Santander may have been able to refund Mr F was by considering a claim under Section 75.

Section 75 is a legal protection that allows Mr F to bring a like claim against Santander where there has been a breach of contract or misrepresentation by the supplier for the supply of goods or services paid for by a credit card, under the agreement it had with him. But there are certain conditions that need to be met for Section 75 to apply. I think the value of the transaction for the hotel stay falls within the financial limits and the correct debtor-creditor-supplier (DCS) agreement was in place for a claim to be considered. However individual transactions for the dog stay, corkage, parking and any other costs £100 and below may not meet the financial requirements for a Section 75.

Based on the information presented I can't say there was a false statement of fact which induced Mr F into the contract, which meant there was a misrepresentation. I've also not seen enough evidence to show that the services weren't received or carried out with reasonable care and skill. I have to bear in mind that the problems Mr F complained of – like the quality of the food or the way the entrance and reception looked can be subjective. Other than what Mr F has said and the emails between him and B there isn't any other supporting evidence such as photos or videos and Mr F has told our service that he didn't have any further submissions to give.

I'm sorry to hear Mr F was unhappy, but I don't think Santander was unfair in declining the Section 75 claim on the basis that there is insufficient evidence to demonstrate a breach of contract or a misrepresentation that would lead to a financial reimbursement. And similar to what I've said above, I don't think it would be reasonable for Mr F to be paid the £300 he has

requested as a difference of the price of hotels to reflect damages or a price reduction, as he stayed for the duration of the booking and there are evidential challenges to support that the services weren't provided with reasonable care and skill and weren't as described..

I think Santander fairly considered Mr F's Section 75 claim based on the evidence it was provided with.

#### *Customer service*

Santander offered and paid £50 to Mr F for closing his original complaint without clearly explaining the next steps. I think this was a fair offer to resolve this part of Mr F's complaint and I won't be asking it to do anything more.

#### **My final decision**

My final decision is that I think Santander UK Plc acted fairly when considering a chargeback and Section 75 claim and it did enough to resolve Mr F's complaint about the customer service he received. I don't direct it to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 21 October 2025.

Amina Rashid  
**Ombudsman**