

The complaint

Mr B complains about Tesco Personal Finance Limited trading as Tesco Bank's handling of a claim he made under Section 75 of the Consumer Credit Act 1974 (Section 75).

What happened

In January 2022, Mr B received a letter from a company that administers a timeshare agreement he holds jointly with his wife. The letter advised Mr B that the agreement had entered into arrears and that his membership may lapse, if the arrears remain unpaid.

A few months later, Mr B says he was contacted by a firm, who I'll call 'X', that said they could arrange for Mr B and his wife to exit their timeshare agreement. Mr B says X used high pressure sales techniques during a meeting, which led to him to sign a contract for them to begin work. The contract required Mr B to make two payments to a firm, who I'll call 'Z'. It was then for Z to transfer money to X for their services.

To make the first payment of £2,550 to Z, Mr B used his Tesco credit card. A few days later, a different card with a different lender, was used to make the second payment of £7,650.

Near the end of 2023, Mr B hadn't heard anything from neither X nor Z. So, he contacted his credit card providers for help. Tesco looked into Mr B's concerns but couldn't raise a chargeback claim, as it had been brought too late. Additionally, they said they couldn't raise a Section 75 claim, because Mr B had made the payments to Z, where his contract was with X. Mr B's other credit card provider reached a similar conclusion.

But, Tesco noted that Mr B was released from his timeshare agreement and said he had the outcome he wanted. Mr B didn't accept Tesco's response and brought a complaint to us. He said the timeshare agreement had lapsed because of the arrears, rather than any work completed by X.

One of our investigators looked into Mr B's complaint and found that Tesco hadn't treated Mr B's Section 75 claim fairly. He agreed with Tesco's stance on the chargeback claim, but said they could have pursued a different Section 75 claim with Mr B's contract with Z. The investigator concluded that Z had given Mr B misleading information that induced him into entering that contract. So, the investigator asked Tesco to treat the Section 75 claim as if it had been upheld.

Mr B accepted the investigators findings, but Tesco didn't. They said Mr B's contract with Z meant they were just responsible for making payments to X. And that the contract hadn't been breached. So, Tesco said a Section 75 claim about Z's actions wouldn't be upheld.

The investigator didn't change his conclusions, so Mr B's complaint has been passed to me to make a final decision.

I sent Mr B and Tesco my provisional decision on this case, on 23 July 2025. I explained why I didn't think the complaint should be upheld. A copy of my provisional findings is included below:

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 where I've summarised the events of Mr B's complaint. I don't intend any discourtesy by this, as it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality.

But I want to assure Mr B and Tesco 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'd also like Mr B to know that I empathise with the position he has found himself in. I'm aware of the significant sums he's paid to try and exit his timeshare agreement and his reasons for wanting that money back.

What I need to consider is whether Tesco, as a provider of financial services, has acted fairly and reasonably in the way they handled Mr B's request for getting his money back. It's important to note Tesco isn't the supplier of the services Mr B took a contract out for. So, I've gone on to think about the specific card protections that are available. In situations like this, Tesco can consider assessing a claim under section 75 or by raising a chargeback enquiry.

The chargeback enquiry

The chargeback process provides a way for a card issuer to ask for a payment to be refunded in certain circumstances. A chargeback claim is subject to rules made by the relevant card scheme. It's not a guaranteed way of getting money back.

While it's good practice for a card issuer to attempt a chargeback where certain conditions are met and there's some prospect of success, there are grounds or dispute conditions set by the relevant card scheme that need to be considered. If these are not met, a chargeback is unlikely to succeed. And something going wrong with a merchant won't always lead to a successful claim. In Mr B's case, Mastercard is the card scheme and Tesco is the card issuer. Tesco didn't think a chargeback would've had a reasonable prospect of success, because Mr B raised his concerns beyond the time frame set by the card scheme.

Having looked at the credit card statement for Mr B's account with Tesco, I can see that he made the payment of £2,550 to Z on 23 July 2022. Mr B says he didn't receive any services to help him exit his timeshare agreement. So, I think the relevant reason code within Mastercard's rules for Mr B's chargeback claim was 'Goods or Services Not Provided'.

In summary, the conditions of being able to use the reason code says that Tesco ought to have processed Mr B's chargeback claim within 120 days of when he paid for service that was due to be provided. From looking at Mr B's contract with Z, it says they will simply pay X for the fees X incurred. There is no particular date on when Z will pay the fees to X within that contract.

But, Mr B's agreement with X says that it ended on 22 July 2023. So, I think this was the last possible date on which X could have incurred fees. It then follows that the same date was the last point in time for Z to provide the service Mr B says he didn't receive. All this means that Mr B had until 19 November 2023, to ask Tesco to raise a chargeback enquiry for the payment he made to Z of £2,550.

Tesco's records show that they received a letter from Mr B on 24 November 2023, which told them of his concerns about the payment to Z. After reflecting on the card scheme rules, I think Mr B's letter was received by Tesco beyond the date on which they were able to raise a

chargeback enquiry on Mr B's behalf. I'm aware that Mr B may well have posted his letter before 19 November 2023. But, Mr B's letter isn't dated, so I'm not persuaded he raised his concerns in time.

After considering all the evidence, I don't think Mr B asked Tesco to start a chargeback enquiry within the time limits set out in the rules of the relevant card scheme. So, I think Tesco treated Mr B's chargeback claim fairly. However, even if Tesco should have processed a chargeback claim for Mr B, I don't think it would have succeeded. I say this after looking at Mr B's contract with Z and the service they provided to him. I will explain more about this later in my decision.

The Section 75 claim involving X

Section 75 is a statutory protection that enables Mr B to make a like claim against Tesco. The claim can be for breach of contract or misrepresentation by a supplier, paid by credit card in respect of an agreement they had with him for the provision of goods or services. But there are certain conditions that need to be met for Section 75 to apply.

Firstly, the value of a transaction must fall within the financial limits set by Section 75. Having considered the relevant amount involved, I'm satisfied that Mr B's payment to Z fell within those limits. But there also needs to be a debtor-creditor-supplier (DCS) agreement in place. And having multiple parties involved can impact that arrangement.

Here, Mr B is the debtor because he used his credit card with Tesco to pay for services to allow his exit from a timeshare agreement. As the card issuer, Tesco is the creditor. But, the payment wasn't made to X. Although Mr B was due to receive services from X, his payment was made to Z. So, I don't think there is a DCS agreement in place, which would allow Mr B to raise a Section 75 claim for a breach of contract by X.

This means I think Mr B is unable to make a like claim against Tesco, for where he says X didn't take any steps to remove his responsibility towards his timeshare agreement. So, I think Mr B's Section 75 claim involving X was handled fairly by Tesco.

I note that Tesco also says Mr B has since received the outcome he wanted, as his contract with the timeshare provider has been terminated. While it may be true that Mr B's contract has been terminated, I find Tesco's comments unhelpful. I say this because the fate of Mr B's timeshare contract looks likely to have been down to the unpaid arrears, rather than anything else. Despite my findings, I think Mr B was able to make a Section 75 against Tesco, for the agreement he had with Z. So, I've considered this further.

The Section 75 claim involving Z

I've found that Mr B's agreement with Z meant they were contracted to pay fees incurred by X. The agreement is signed and dated by Mr B and says Z will:

"....in turn pay all fees incurred in relation to the client's case.... including, but limited to, legal fees, administration fees and final case fees."

Against this background, I don't think Z had a responsibility to Mr B, to provide him with services to organise his exit from his timeshare agreement. I think Mr B would have cause to make a claim for breach of contract against Z, if they didn't pay funds to X. To help me decide whether or not that happened, I've looked at the correspondence Mr B has had with the parties involved with his case, since signing the agreement with Z.

Mr B has provided confirmation from his timeshare provider to say they haven't been

contacted by any firm looking to arrange his exit from his timeshare agreement. Mr B has also told us that X has since ceased trading and that he's been unable to contact Z. However, I cannot see from Mr B's evidence where X may have pursued him for payment. Or where Z may have told him they were unable to pay the fees X had incurred. Additionally, it doesn't seem the payment Mr B made to Z was sent back to his credit card account.

I do not doubt how seriously Mr B has taken forward his concerns about trying to secure a release from his timeshare commitment. I can see where he wanted help from a company offering a service and I don't doubt his sincerity in entering into the agreement.

On balance though, I'm persuaded that Z paid the fees to X in line with the contract Mr B had signed. So, I think it's likely Z fulfilled their responsibility under the agreement they had with Mr B. It follows that I don't think there has been a breach of contract or misrepresentation by Z, with which Mr B could go on to make a successful Section 75 claim with Tesco.

Summary

In all the circumstances, I think Tesco treated Mr B's chargeback enquiry and Section 75 claim involving X fairly. Although I think Tesco could have raised a Section 75 claim about Mr B's contract with Z, I don't think they would have found that Z had breached that contract.

Overall, I think Tesco treated Mr B fairly when he raised his concerns about the payment he had made to Z.

Tesco didn't reply to the provisional decision. Mr B responded to the provisional decision and in summary, he said:

- He is still contracted to the company that provided the timeshare.
- He hadn't known about the timescales involved with raising a chargeback claim, or where a DCS agreement needed to be in place. But X was aware and that is why they organised the payment to be made to Z.
- He has been the victim of a scam and that should be obvious to all parties involved in his complaint.

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 B has told us that his contract with company that sold him the timeshare hasn't been terminated. I acknowledge what Mr B says here. However, I'm also aware of the email he sent us from the timeshare company of 10 May 2024. Within this email the timeshare company says that Mr B's contract with them was terminated in June 2023.

I accept that things may have changed since the email I've referred to was sent to Mr B. But, I don't think Mr B's contract status with the timeshare company changes the outcome I've reached. I say this because my findings have focused on the relationship between Mr B and Z, and whether or not a Section 75 claim would have been successful. That said, I do remain of the view that Tesco's comments surrounding the contract status with the timeshare company are unhelpful.

I also accept Mr B's strength of feeling about the circumstances that led to him making a payment to Z. I am very sorry to hear of the impact these circumstances have had on him

and his family. But, I need to consider the agreement he had with Z and the evidence both sides have presented, to decide if there was a breach of contract. Having done so, I don't think the evidence shows there's been a breach, as far as where Mr B could have made a successful like claim against Tesco.

Mr B also says he wasn't aware of the timescales involved in a chargeback claim, or the intricacies of a DCA agreement. I understand Mr B's comments here and I don't think the level of his awareness, has weakened the arguments he has made. Instead, my review has concentrated on Tesco's treatment of Mr B's concerns, once he had raised them.

Having thought carefully about all the additional comments Mr B has made, on balance I still don't think the evidence shows where Tesco have treated him unfairly.

While I think Tesco could have pursued a Section 75 claim about the payment to Z, I don't think that claim would have shown there was a breach of contract by Z. So, I'm not persuaded Mr B's Section 75 claim would have succeeded. Overall, my conclusions remain the same, in that I don't think Tesco need to take any steps to put things right.

My final decision

My final decision is that I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 September 2025.

Sam Wedderburn
Ombudsman