

The complaint

Mr G has complained about the way Sainsbury's Bank Plc ("Sainsbury's") dealt with a claim for money back in relation to a packaged holiday he paid for with credit it provided.

What happened

In August 2023, Mr G used his Sainsbury's credit card to pay for a packaged holiday through a booking agent I'll refer to as T. The package included flights, hotel and transfers. Mr G and his wife were due to start their holiday on 22 September 2024, and the booking was for 10 nights.

On 20 September 2024, T contacted Mr G to inform it that the hotel had cancelled his booking due to being oversubscribed. It initially offered to change his accommodation to another hotel, but Mr G said that due to the distance of that hotel from the beach and his partners mobility issues it was unsuitable. T then offered another hotel and while Mr G was still unhappy with this hotel, he felt obligated to accept it due to having to travel the following day to start their holiday.

Mr G says the hotel room he was given, was a of a lower standard to what he'd originally booked, and he spent the first few days of the holiday trying to persuade T to offer him another room that was more comparable to what he'd paid for. But he was unable to resolve matters.

On return from the trip, Mr G asked for compensation as he says he was not given a like for like replacement room as it was considerably smaller than his original room, that the hotel facilities weren't the same for example the pool was smaller and was in the shade during the morning. He also felt the food quality was poor. T didn't agree saying he was offered the replacement room on the same basis as his booking in terms of facilities, category of room, hotel star and board basis. It explained that Mr G had tried to get an upgrade by moving from a room to a suite which wasn't what he was entitled to. So, while T said it was sorry Mr G was unhappy, it didn't feel he was entitled to any compensation. Mr G also tried to complain to T's regulatory body, but he again wasn't given any compensation.

Unhappy, Mr G contacted Sainsbury's to make a claim under section 75 of the Consumer Credit Act 1974 (s.75). He asked for a refund of £287.40 which was the difference in cost between the room he paid for and the room he stayed at for 10 nights. He also asked for £250 compensation for loss of enjoyment for being in a smaller hotel with a lower standard of facilities. Sainsbury's rejected his claim on the basis that he'd been given a replacement room in line with the terms of the contract, which he'd accepted before travel albeit reluctantly. It added that he'd compared the price of the new hotel room from a different time period to when he'd booked his original room – so the difference in price may not be due to the change in standard but different hotels costs different amount at various times of the year. But it did give him £50 compensation for the way it had handled the dispute.

Mr G decided to refer his complaint to the Financial Ombudsman. He re-iterated his earlier points. Our investigator looked into things and felt the room was of a different standard and therefore Mr G was entitled to a price reduction. He recommended that Sainsbury's refund

15% of the cost of the hotel. He felt Mr G hadn't provided evidence of significant impact as Mr G hadn't cut his holiday short for example, so he didn't feel a payment for loss of enjoyment was warranted. Sainsbury's agreed to make this payment in order to bring the matter to a close.

Mr G, however, wasn't happy saying he'd provided an objective breakdown of loss rather than an arbitrary figure of 15%. He also felt he'd provided pictures of the difference in the standards of the hotel and spent days trying to sort the matter out when he should have been enjoying his holiday. He felt that not cutting the holiday short doesn't mean he lost the right to claim compensation for loss of enjoyment and the difference in the hotel affected his experience of the holiday. Both parties were asked for comments before progressing the case to decision.

At this point Sainsbury's explained it still felt that Mr G hadn't established that there had been a breach of contract and so he wasn't entitled to a remedy. But it had previously accepted our investigator's view of 15% to try to bring matters to a close. It now agreed to offer Mr G the £287.40 he'd requested as a gesture of goodwill without accepting liability, to try to resolve matters. Sainsbury's however was adamant that there had been no breach of contract, and that loss of enjoyment was not recoverable under a section 75 claim so it would not offer that.

As things weren't resolved the complaint was passed to me to decide. On 10 September 2025, I wrote to both parties to explain why I thought an offer made by Sainsbury's was a fair way to put matters right. Sainsbury's clarified that, in its view, based on the strictest interpretation in the law, Mr G probably doesn't have a valid claim. Mr G made a number of comments which I'll address below.

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 explained the following:

Firstly, I'd like to reassure Mr G, that I have considered all his concerns carefully, but I will only be dealing with the most salient parts of the complaint in this decision as I'm required to decide matters quickly and with minimum formality.

I would add that I understand how disappointed Mr G must feel given he's paid significant sums for a holiday experience a year in advance – especially with the cancellation happening so close to his departure date.

But it may be helpful to explain that I need to consider whether Sainsbury's – as a provider of financial services – should do any more in response to his claim under s.75. But it's important to note Sainsbury's isn't the supplier. S.75 is a statutory protection that enables Mr G to make a 'like claim' against Sainsbury's for breach of contract or misrepresentation by a supplier when goods or services were bought using a credit card. But it's important to note that Sainsbury's isn't T and isn't responsible for everything that might've gone wrong with T. Sainsbury's is only liable to offer a remedy if Mr G can establish with evidence that there has been a breach of contract or misrepresentation – not for poor customer service or not meeting a customer's expectations.

There are certain conditions that need to be met for s.75 to apply. From what I've seen, I think those conditions have been met and Sainsbury's doesn't appear to dispute this.

It may be helpful to explain that there are consumer rights laws and regulations that underpin contracts like this which I've taken into account such as the Package Travel and Linked Travel Arrangements Regulations 2018 (PTR) as well as The Consumer Rights Act 2015 (CRA).

In order to uphold Mr G's s.75 claim on the basis that there has been a breach of contract, Mr G would need to evidence that T breached a term of the contract – and that caused him to suffer loss. He would have to show that either, there was a breach of an express term of the contract (such as a specific written term that had been breached) or whether there has been a breach of an implied term. The Consumer Rights Act 2015 (CRA) implies terms into the contract that services must be delivered exercising reasonable care and skill.

I've looked at the terms and conditions that underpinned Mr G's contract and I don't think it's clear that there has been a breach of contract and I'll explain why. T is a booking agent and doesn't actually own or manage the hotels that it uses to offer packages to its customers. If a supplier hotel cancels a booking, the contractual terms dictate what T and Mr G's rights and obligations are. It's important to note, that Mr G agreed to these terms when he booked his holiday through T so both are bound to them. And in order to make a successful claim for breach of contract, as Mr G is making the claim, the onus is on Mr G to show that T had breached the contract – for which Sainsbury's (due to section 75 of the CCA) is now liable to remedy.

Where a supplier hotel cancels a booking (for whatever reasons) T's booking terms and conditions say

- (a) accepting the changed Services and if this results in a Package Holiday of lower quality or cost, you may be entitled to a price reduction;*
- (b) rejecting the proposed change, terminating your Package Holiday booking and receiving a full refund of all monies you have paid; or*
- (c) rejecting the proposed change, terminating your Package Holiday booking, and taking an alternative one if we can facilitate this, and we will tell you how this may impact the price of your booking and any additional sums to be paid, and if the alternative Package Holiday is of a lower quality or cost, you may be entitled to a price reduction; and*

It's clear that T offered Mr G an alternative hotel and this was accepted by Mr G albeit reluctantly. But the dispute arises as T believes it offered him the same quality holiday whereas Mr G believes he was offered a lower quality package and therefore is entitled to a price reduction. As explained above, in a section 75 claim, the onus is on Mr G to evidence that T had breached the contract.

I understand the evidence Mr G provided is pictures of the hotel pools which show the new hotel pool was smaller and that the square footage of the room was significantly smaller. He also said, in his view, the quality of the food was poor and as a smaller resort his experience wasn't the same as if he'd gone to the original larger resort. He's provided a cost difference of the hotel room, but this was from 2025.

T says that he was given the same category of room, a hotel with the same star rating, on the same board basis, with the same facilities in terms of having a private beach, food and drinks facilities, pool and other amenities.

My concerns with Mr G's claim are that while I understand the new hotel and room was smaller, that doesn't automatically mean it was of a lower standard. There's no standardised

way of assessing the quality of rooms and I understand T offered him a room at the new hotel which, at the time, was in the same category as the one he'd originally booked. Different hotels categorise their economy, standard, superior rooms in a certain way but that doesn't mean that all economy category rooms are the same size in each hotel for example. So, a difference in size alone isn't sufficient to show that the hotel room was of an inferior standard – although I appreciate what Mr G was trying to show.

The star rating of the hotels is a more standardised and objective way of measuring quality and both hotels had the same star rating and offered the same amenities, and Mr G was offered the same category of room that he had originally booked and paid for. My understanding is that these ratings are given by independent agencies in the country which deemed both hotels to be of the same standard.

I also think it's important to note that while rooms and hotels may be remarketed in different ways, or the rating might change over time, I'd have to assess his complaint based on the time of travel. And at that time, it appears the hotel room he was given was in the same category of his original booking with the same star rating even if that has since changed. And it doesn't look like any other part of the package was different – it seems the flights and transfers remained the same.

Additionally, some of Mr G's claim are subjective and not corroborated with evidence. The quality of food being poor is solely Mr G's opinion and isn't backed up by any evidence. As explained above, the hotels had been given the same rating by the countries independent rating body at the time. And Mr G hadn't experienced the food at the original hotel during this time so couldn't say the quality would have been any better. Additionally, a pool being smaller doesn't necessarily mean it's of poor quality, some consumers prefer quieter and smaller environments over larger oversubscribed resorts - so this is a subjective issue.

I appreciate the short-term nature of the change left Mr G in a difficult position, so he only accepted the change reluctantly and expressed his dissatisfaction straightaway. But these are the terms he agreed to when he booked with T. And it looks like T acted in line with the terms applicable when a supplier hotel cancels the booking. I think it's also important to bear in mind it wasn't T that cancelled the hotel.

I also share Sainsbury's concerns that the difference in price Mr G has mentioned for the rooms at the different hotels is from different time periods. I think it's common knowledge that an off-peak price during a low demand period would result in a room being cheaper than booking at a peak time or a period when demand was high – bearing in mind Mr G's room was cancelled due to overbooking. In order for Mr G to claim T has breached the contract, Mr G would have to demonstrate that the new package was a lower cost package – rather than price differing at different times of the year. I don't think he's done this.

The onus is on Mr G to evidence that the quality of the package was of lower standard or was a lower cost package which would entitle him to a price reduction, and I don't think it's clear that he's done this. So, I can see why Sainsbury's didn't uphold his claim based on the available evidence. I've also not seen any evidence that the services he received whilst at the hotel fell below a reasonable standard, so I don't think any implied terms have been breached.

I fully appreciate that his holiday experience was different due to the different nature of the resorts, but section 75 doesn't enable consumers to make claims unless the terms of the contract have been breached or there has been a misrepresentation.

I've also thought about the losses Mr G is claiming for. Initially, I'll consider his claim for actual financial loss. Mr G didn't have to pay anything extra for the holiday after his hotel was

cancelled. I understand he feels the hotel he stayed at was cheaper, so he didn't receive what he paid for – and so has sought a refund of the difference in cost. But as I've explained above, I don't think comparing room prices at various times of the year during different periods of demand – where hotel prices vary significantly, is sufficient evidence that he has suffered this financial loss. T says the hotel was of the same standard and I'm not satisfied that Mr G has demonstrated that the hotel he stayed at was a lower cost hotel – which he could claim a price reduction for.

I've also thought about his claim for loss of enjoyment. Sainsbury's says loss of enjoyment is not a recoverable loss through a section 75 claim for breach of contract. However, I don't necessarily agree – where the purpose of a contract is for enjoyment I think it's likely a claim could be considered. However, I would add that the loss of enjoyment would have evidential difficulties as it is extremely subjective. Some consumers, for example, prefer smaller more intimate hotels over an oversubscribed large resort and as Mr G didn't stay at the original resort at this time when it was oversubscribed, although he believes he would have had a better experience, he cannot know this. Mr G has provided his own opinion that the new hotel wasn't as high quality as he expected due to it being a smaller resort than what he had originally booked but it doesn't look like he couldn't access the beach or couldn't use the pool or that the quality of the food and drinks were so poor they had to source their own food for example. So, he appears to have been able to access and enjoy all of these things. Additionally, it looks like the package included amenities that were not impaired such as the flights and transfers.

Sainsbury's has more recently offered to pay Mr G £287.40 without any admission of liability, in order to bring this matter to a close. I think, given my findings above, this is a reasonable way to put things right and I don't think I could safely conclude he is entitled to anymore.

I appreciate Mr G's dissatisfaction overall, but under a Section 75 claim, the onus is on Mr G to provide evidence that T has breached the contract and Sainsbury's is therefore liable to remedy it. Based on what I've seen, I don't think Sainsbury's is obligated to offer more than it already has so, I don't intend it to ask it to do any more.

Putting things right

Sainsbury's should pay Mr G £287.40 as offered to resolve the complaint.

Mr G responded with the following comments. I want to assure Mr G that while I may not comment on every point he has made, I've read and thought about everything he's said. But I'll only be dealing with the points that I find are key to his complaint.

- Mr G doesn't feel the room was cancelled due to overbooking because he doesn't find that credible when he booked over a year in advance. Mr G is unhappy he was never given a true explanation as to why the accommodation was cancelled and he feels the evidence provided by T and Sainsbury's is therefore unreliable.
- Mr G feels there has been a clear breach of contract as, in his view, the size of the room is considered one of the major factors when determining the quality of the room. He doesn't understand how the ombudsman view is so different to the investigators.
- Mr G reiterated that the room was initially labelled as superior but is now advertised as standard. He doesn't feel the room can be judged by the way they are labelled and the change in labelling proves his claim that the room is inferior to what he booked.
- Mr G doesn't feel the star rating of the hotel is relevant when determining the quality

of the room – as if one is moved to an inferior room on the same star hotel, this would be a clear reduction in quality. This is what he believes happened in his case.

- Mr G wanted to know what evidence he could provide that would demonstrate a breach of contract and would prove that the room he stayed in was inferior. The costings of the room from the time of the holiday is not available to him, and he has provided all the evidence he can.
- Mr G also didn't use the pool as it was in the shade for much of the day and he had picked a large style resort which isn't what he was given – so he feels this is further evidence of a breach of contract.
- Mr G wasn't aware that he could have cancelled for a full refund and he wasn't given any other options. It simply offered him alternative accommodation, and he expressed his unhappiness at it.
- He feels he's proven that there was a reduction in quality and therefore is entitled to a price reduction. He's also provided guidance on how compensation is calculated by a regulatory body for loss of enjoyment.
- Mr G reiterated that he feels entitled to compensation for loss of enjoyment and he felt the burden of proof placed on him is too high.
- Mr G also wanted to know if he'll be entitled to 8% interest on the financial loss element he suffered.

I appreciate Mr G is disappointed with T's explanation as to why the room in the original resort was cancelled but as explained previously, it wasn't T that cancelled the room but the supplier hotel and that's the reason it gave. And irrespective of why it was cancelled, the same rules for replacement hotels/cancellation are applicable. I appreciate Mr G is unhappy with the reasoning given, but this is not something T can help with as it was the supplier hotel that cancelled the booking.

I would also add that I appreciate Mr G says he wasn't aware of the option for a full refund, and he was only given the option of alternative accommodation. But he'd already declined the offer of another resort, so I think he would have known he could also have declined this offer – and then he could either have asked T to find a resort that he was happy with or to have discussed alternative options such as cancelling altogether. T's booking terms are available on its website and Mr G was referred to the frequently asked questions section on T's website on his booking summary - which also has a section for the options Mr G has when suppliers cancel services. While Mr G did express his unhappiness, he also explicitly accepted T's offer of alternative accommodation aware that he could have declined it, as he'd done so previously.

I've again thought about Mr G's concerns over the room size and his opinion about the pool. But as I've already explained, the size of the room alone is not the only factor in deciding quality of the hotel he was offered. When independent agencies give star ratings to hotels, they do look at the size of the rooms, cleanliness, amenities offered as part of their assessment of the hotel. And at the time both resorts were given the same rating. I cannot overlook the fact that at the time, he was offered a hotel with the same star rating and a room in the same category that he'd booked and paid for which he accepted. I appreciate the rooms have now been changed, but that may have been due to many reasons and not necessarily due to its size.

This service will look at any evidence consumers are able to provide, and we don't have a prescriptive list for consumers to provide. The evidence Mr G has provided is mainly his opinion that the size of the room and pool means its of poor quality against Sainsburys'

evidence that he was offered a room and resort that has the same star rating and category of booking. And the ratings were given by independent agencies. The evidence provided by Sainsbury's is therefore more persuasive. I understand our investigator took a different view, but I have explained why in my view, I don't think there's strong enough evidence to prove that Mr G is entitled to a price reduction.

I appreciate that Mr G's experience would have been different due to the different nature of the resorts, but he accepted this resort aware that he could have declined it. I understand given how late the supplier hotel cancelled the booking, Mr G was left in a difficult position. So, I think Sainsbury's offer is a fair way to put matters right. It recognises that while Mr G was offered a resort with the same star rating and same category of room he originally booked (so he isn't entitled to a price reduction), it was a different type of resort (being smaller) which would have affected his overall holiday experience. I don't think, with s.75 in mind, there are grounds to direct Sainsbury's to pay anymore.

Finally, I think it may be helpful to explain that if I had agreed that Mr G has suffered financial loss, then Mr G would be entitled to compensation for the loss suffered as well as interest for being deprived of that money. But as I don't agree that there's evidence of financial loss, Sainsbury's offer is limited to what it has offered which is £287.40. I've also thought about Mr G providing details of how compensation is calculated by a regulatory body for loss of enjoyment, but I understand that body also hadn't accepted his claim for compensation.

While I've reconsidered this claim again in its entirety and thought carefully about the evidence Mr G has provided, I see no reason to depart from my findings as set out in my provisional decision. Mr G hasn't satisfied me that the replacement hotel he was offered was a lower cost package or of a lower quality, so I don't think he's entitled to a price reduction. But I accept his experience would have been different due to the different nature of the resorts, but the offer made by Sainsbury's is a fair way to put that right. I would also point out Mr G doesn't have to accept this decision. He's free to pursue the complaint by more formal means such as through the courts.

Putting things right

Sainsbury's must pay Mr G £287.40 as offered to resolve the complaint.

My final decision

For the reasons given above, I only partially uphold this complaint and Sainsbury's Bank Plc must put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 30 October 2025.

Asma Begum
Ombudsman