

The complaint

Mr S complains about the way in which Barclays Bank UK PLC handled his claim for a refund when accommodation he booked was not of a satisfactory standard. He paid for the accommodation with his Barclaycard.

What happened

In May 2024 Mr S booked two rooms in a guest house in Slovenia for the night of 6 June 2024, through a well-known booking site, which I'll call "B". Both rooms were advertised as having a private bathroom. Mr S paid a total of £191.44.

On the day before his arrival, Mr S received further information from the owners of the accommodation. This indicated that the bathroom for one of the rooms was separate from it and across a corridor used by other guests. Mr S complained to B and the owners; he said that the bathroom was not "private", since it was not attached to the room. The response was that the bathroom was not used by any other guests and that the key was provided only to the person occupying that room.

As Mr S was unable to resolve matters through B or with the property owners. He therefore contacted Barclaycard for assistance. Barclaycard considered whether it could make a claim through the chargeback process, but did not believe there was sufficient evidence to enable it to do so. Mr A had, it said, used the services provided.

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.

Mr S was unhappy with Barclaycard's response and with the process he had had to go through to bring his claim and to express his dissatisfaction with the outcome. He thought the systems which the bank had set up were not fit for purpose and appeared to have been designed to discourage complaints.

Because of the problems he had had in bringing the complaint and because of Barclaycard's handling of it, Mr S closed his credit card account. He says that process has not gone smoothly either.

Mr S referred the matter to this service. Shortly after he did so, Barclaycard offered to refund half the payment – that is, £95.72. Mr S did not accept that offer, so one of our investigators considered what had happened. She thought that the offer was fair in the circumstances and so did not recommend that the bank do any more to resolve the complaint. Barclaycard confirmed that the offer would remain open for acceptance.

In respect of the account closure, the investigator said that Barclaycard had not agreed that Mr S's complaint could be dealt with alongside the original complaint, so it would need to be dealt with (if at all) as a separate complaint.

Mr S did not accept the investigator's assessment and asked that an ombudsman review the case.

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

I'll deal first of all with Mr S's complaint about the handling of the closure of his Barclaycard account. It did not form part of the complaint he originally referred to this service; he raised it later, through this service.

The Financial Ombudsman Service cannot consider a complaint unless the respondent business has had an opportunity to address it first. Barclaycard says, and I accept, that Mr S had not raised a complaint about the account closure when he referred the payment complaint to us. That being the case, I do not believe that I have any power to consider it as part of this complaint. If I were to do so, there's a risk that any award I might make would be open to legal challenge and would not be enforceable. I therefore make no comment on that complaint, and my decision here will not affect any rights which Mr S may have to bring a separate complaint about the account closure.

I turn therefore to the main issue, Barclaycard's handling of Mr S's claim for a refund.

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, Barclaycard) 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.

There is no real dispute about the facts here. The rooms which Mr S booked were each described as having a private bathroom. One of the bathrooms was connected to the room, but the other was across a corridor. I understand that B's website does not allow accommodation owners to indicate whether a bathroom is connected to a bedroom or living space or (as in this case) separate from it.

Barclaycard took the view that this meant that it had no grounds on which to make a chargeback claim. It could not properly be said that the service Mr S had paid for had not been provided or that it was not as described.

In my view, that was a reasonable conclusion for the bank to reach. The property description said that the bathroom was “private”. I can understand why Mr S took that to mean that it was directly connected to the room which he had booked. But in my view it simply meant that the bathroom was not shared with other guests and that it was available only to those occupying the room Mr S had booked. In the circumstances, it was most unlikely that a chargeback request would have led to a refund.

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.

The investigator took the view that section 75(1) did not apply in this case, because the transaction was covered by the exception within section 75(3) relating to the price attached to a single item. I also take the view that section 75 does not apply here, but for different reasons.

When Mr S booked his accommodation, B acted as agent for the host – that is, the party renting out the accommodation. And it was B which took the credit card payment. That means that the rental was financed under “pre-existing arrangements” between B and Barclaycard, not between the accommodation owner and Barclaycard. 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 S has a claim against the host, although my findings about the prospects of a successful chargeback do address that issue.

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

Other matters

I appreciate that Mr S found the bank's voice recognition and other systems frustrating. That meant that he had to spend more time dealing with his complaint than he thinks should have been the case. However, it is not for me to direct Barclaycard to change its systems – that is primarily a matter for it to decide, as a matter of its own commercial discretion. And, whilst I accept that Mr S has suffered some inconvenience, I don't believe I can fairly say that it is sufficiently significant as to merit an award of compensation.

In the circumstances, I think that Barclaycard's offer of compensation is a reasonable one. It has said that it will remain open, so I simply leave it to Mr S to decide whether, on reflection, he wishes to accept it.

Mr S did not accept my provisional decision or Barclaycard's offer. He reiterated that he thought his complaint about the closure of his account should be dealt with alongside this one. He said too that he thought the investigator and I had raised arguments which Barclaycard had not made; he thought that was unfair.

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.

Having done so, however, I have not changed my view from that which I set out in my provisional decision.

The investigator and I both took the view that section 75 did not apply, albeit for different reasons. Mr S said that was wrong. In reaching a final decision, I must decide what I consider to be fair and reasonable in all the circumstances, including, amongst other things, any relevant law. Unlike a court, however, this service is not limited to considering the evidence and arguments advanced by the parties. Our process is inquisitorial, not adversarial. That means that we will sometimes make our own enquiries and raise arguments which the parties have not raised, in a way which a court might not do.

Having reviewed the position, however, I think it is arguable that section 75 could apply here. In saying that, I have in mind B's role as a major recipient of card payments in the travel and leisure industry. I have therefore considered again Mr S's argument that he did not receive the service he paid for.

The key issue therefore remains whether it was correct to describe as "private" a bathroom which was allocated to a specific bedroom but which was not physically attached to it. On that topic, I have not changed my view from that which I explained in my provisional decision, where I said:

"But in my view it simply meant that the bathroom was not shared with other guests and that it was available only to those occupying the room Mr S had booked."

It follows that I think it was reasonable for Barclaycard to take the view that a chargeback was unlikely to be successful and that Mr S did not have a valid claim under section 75.

My final decision

For these reasons, my final decision is that I do not uphold Mr S's complaint, and I simply leave it to him to decide whether, on reflection, he wants to accept Barclaycard's offer.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 2 October 2025.

Mike Ingram
Ombudsman