

The complaint

Mr T complains that HSBC UK Bank Plc declined his disputed transaction claim.

What happened

Mr T booked a stay at a hotel and paid using his HSBC credit card. The cost of the hotel was 3300 Euros.

When Mr T arrives at the hotel, he discovered that the air conditioning in his room wasn't working and there was no hot water in the shower. Due to the lack of air conditioning Mr T purchased a fan. Mr T raised the issues with the hotel, but they weren't resolved during his stay.

On returning home, Mr T raised a disputed transaction claim with HSBC. HSBC said it couldn't proceed with a claim under Section 75 due to a lack of evidence. It said it needed evidence regarding the length of time Mr T was without hot water and a receipt for the fan he'd purchased.

Mr T remained unhappy and brought his complaint to this service.

Our investigator upheld the complaint. He said there had been a misrepresentation in relation to the air conditioning and a breach of contract in relation to the hot water. The investigator said that Mr T should be refunded 20% of the cost of the booking and refunded the cost of the fan he'd purchased. The investigator also said that HSBC should pay compensation of £100 to Mr T for the distress and inconvenience caused by the way the claim had been handled.

Mr T didn't agree. He said 20% wasn't enough redress because he'd booked a luxury hotel and had a reasonable expectation that services would be of a certain standard.

Because Mr T didn't agree I've been asked to review the 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.

HSBC has accepted the investigators opinion regarding a misrepresentation and a breach of contract so I won't comment further on the Section 75 claim other than to say that I agree with the reasoning given by the investigator as to why the failure to provide properly functioning air conditioning amounted to a misrepresentation and why the failure to provide reliable hot water amounted to a breach of contract.

The issue which remains – from Mr T's perspective – is what's a fair and reasonable level of redress. Mr T has said that somewhere to sleep comfortably and wash properly is a fundamental expectation of a hotel in a hot country. He's also said that his expectation was greater because the hotel was described as a luxury hotel and says that because of this the impact on him when things went wrong was greater.

I'm sorry to hear that Mr T didn't have the holiday experience he was hoping for. I understand that the lack of air conditioning and hot water would've caused him distress and inconvenience during his stay. That said, I agree with the investigator that a 20% reduction is fair and reasonable. I'll explain why.

Although it's not in dispute that the air conditioning wasn't working, this isn't something that is likely to have impacted Mr T all of the time, because it's reasonable to expect that he would've spent a significant part of the day outside of the room sunbathing or sightseeing. In addition, Mr T mitigated the effects of the lack of air conditioning by purchasing a fan for the room.

With regards to the hot water, the feedback provided by Mr T indicated that there was hot water in the mornings but not later on in the day and in the evenings. So, it wasn't the case that Mr T was completely without hot water and wasn't able to shower.

Further, both the air conditioning and the hot water are component parts of an overall hotel package. Mr T hasn't raised issues about any other aspects of his stay so it's reasonable to assume that he benefitted from the majority of services and amenities, the value of which have to be taken into account. I can see that Mr T booked an all-inclusive package, so it's likely that he also benefitted from food and drink as part of the cost of the booking. In the circumstances, it wouldn't be proportionate to refund the entire cost of the stay, because Mr T has benefited from most services provided under the contract.

I appreciate the point that Mr T makes about the hotel being described as a luxury hotel and I understand that his expectations were higher as a result. However, as I've said above, I think that because Mr T benefited from the majority of services and amenities to his satisfaction, it isn't proportionate to refund 100% of the cost in relation to the issues with the air conditioning and the hot water.

Having considered everything, I'm of the opinion that a reduction of 20% of the cost of the stay is fair and reasonable.

Putting things right

To put things right HSBC UK Bank Plc must:

Refund 20% of £2022.67 plus 20% of £60.48 (foreign transaction fee)

Refund all interest applied to the account in relation to the amount refunded

Refund 20% of £850.42

Refund 14.99 Euros (at the exchange rate in force on 16 June 2025)

Pay £100 compensation for distress and inconvenience caused to Mr T as a result of the way the Section 75 claim was handled

My final decision

My final decision is that I uphold the complaint. HSBC UK Bank Plc must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 13 November 2025.

Emma Davy
Ombudsman