

The complaint

Mr G has complained about the way Barclays Bank UK PLC trading as Tesco Bank (“Tesco”) dealt with a claim for money back in relation to a cruise holiday he paid for with credit it provided.

What happened

In November 2024, Mr G used his Tesco credit card to pay for a 7 day Caribbean cruise holiday he’d booked through a cruise company I’ll refer to as N. The outbound flight was to take place on 20 December 2024, and the return flights were booked for the 28 December 2024. My understanding is that the package included flights and the journey on the cruise. The total cost was just over £2,350. Mr G put the entire amount on his Tesco credit card via three payments.

Mr G’s outbound journey included a stopover at a different city to the one where he would board the ship. During his outbound journey, his luggage was lost and despite N’s assurance that it would join him at various points during the cruise, he was subsequently informed that it would be sent to the airport for his return journey home. Mr G spent around £110 to purchase some essential items to get him through the cruise which I understand was subsequently refunded by the airline.

On return from his holiday, he complained to N who informed him that he’d been credited with \$200 aboard the ship to pay for clothes and offered an additional £400 credit towards a future cruise due to the impact his lost luggage had on his trip. Mr G said he wasn’t informed about the \$200 towards clothing whilst he was on the cruise.

Unhappy with this offer, Mr G raised his concerns with Tesco. He said he wanted a full refund as he wasn’t happy with the service he was provided, he didn’t enjoy the cruise, hadn’t been able to partake in activities during the day or go to many events held on the ship in the evening due to not having any formal attire with him.

Tesco originally considered raising a claim for him via the chargeback process, but as Mr G had stayed on the cruise throughout the entire duration of the trip, it didn’t think his chargeback claim had a reasonable prospect of success. So, Tesco instead focussed on his claim under section 75 of the Consumer Credit Act 1974 (section 75).

Tesco issued a response saying it wouldn’t offer him a refund as Mr G had used all aspects of the booking but offered £100 gesture of goodwill (GOGW) because it could see he had spent just over £100 on clothes.

Unhappy, Mr G decided to refer his complaint to the Financial Ombudsman. Mr G reiterated his earlier concerns. He also added that he booked an overnight hotel at his destination airport to rest in before boarding the ship the following day but could not use it as he spent most of the time chasing his luggage. This hotel stay cost him £106.26 which he paid for separately.

Our investigator looked into things and asked for Tesco to comment on Mr G's loss of enjoyment as well as his concerns over the hotel stay at his destination airport. Tesco at this time reviewed the claim and offered in addition to the £100 GOGW, a refund of £106.26 for the hotel stay, and also offered to match the merchants offer of credit with a cash payment of \$200 (amounting to £148.79 at the time of the offer) and £400. It said normal conversion rates would apply to the \$200 offer and would be calculated on the day of payment.

Our investigator subsequently issued a view upholding Mr G's complaint explaining that he did feel there had been a breach of contract for which Tesco was liable to offer a remedy. But its current offer amounting to £606.26 plus the additional \$200 was a fair resolution to the complaint.

Mr G didn't agree – he explained that he had a monitor to measure his blood pressure in his luggage so he couldn't do that throughout his cruise, which caused him significant stress. He submitted a report by medical journal in support of his claim. He added that he only had one pair of footwear and the minimal clothing he purchased throughout his trip. He said he simply didn't enjoy the cruise and didn't feel he should have to pay for a holiday he didn't enjoy simply because he stayed on the trip, as realistically, he had no way of departing any earlier.

Our investigator's view remained unchanged and, as the matter couldn't be resolved, the complaint has been passed to me to make a final 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.

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. So, while I may not comment on everything he's said and all the evidence submitted, I want to re-assure him that I have looked at everything he's said and provided.

Whenever a consumer makes a claim from a bank for money back in relation to purchases made using a credit card, banks have two methods of potentially helping consumers get their money back. First, is a chargeback where under specific circumstances banks can simply request a refund to be made by the merchant without the need for a complex investigation.

However, for these types of claims (defective services), based on my experience of these cases, usually a refund can only be claimed where consumers cancel the service and return early from a holiday, and even then banks can only ask the merchant to refund the unused part of the services (so banks cannot claim refund for flights/transport or food and drink that have been used for example). Furthermore, where a merchant has made some offers (either refunds/credit note) – it becomes extremely hard to claim for anything else. Additionally, banks cannot claim for any other losses consumers may have suffered such as consequential losses or loss of enjoyment. So, bearing in mind Mr G's circumstances, I don't think it was unreasonable for Tesco to focus on his claim under section 75. I don't think he's lost out because of anything Tesco did/did not do in relation to the chargeback process.

Section 75

I would add that I understand how disappointed Mr G must feel given he's paid significant sums for a holiday and can appreciate how dissatisfied he feels that it didn't go as planned.

It may be helpful to explain that I need to consider whether Tesco – as a provider of financial services – should offer anything else over and above the remedy it has now offered in response to his claim under section 75.

But it's important to note Tesco isn't the supplier. Section 75 is a statutory protection that enables Mr G to make a 'like claim' against Tesco for breach of contract or misrepresentation by a supplier when goods or services were bought using a credit card.

There are certain conditions that need to be met for section 75 to apply. From what I've seen, I think those conditions have been met and Tesco 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 section 75 claim on the basis that there has been a breach of contract, Mr G would need to evidence that N 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 (for example specific facilities included and paid for in the contract didn't exist or weren't available) or whether there has been a breach of an implied term. The Consumer Rights Act 2015 (CRA) for example, implies terms into the contract that services must be performed exercising reasonable care and skill.

If he is able to evidence that there has been a breach of contract, under the PTR, Tesco must offer Mr G an "appropriate price reduction" for N being unable to carry out the services it had offered in the contract to a reasonable standard, or for failing to offer something Mr G was entitled to in the contract.

I think all parties appear to agree that as part of the overall service, N was expected to transport both Mr G as well as his luggage correctly and it failed to do this amounting to a breach of contract. The dispute remains as to what exactly Mr G is entitled to as a remedy. Mr G feels he ought to be given a full refund, whereas Tesco instead focussed on his financial losses. However, like our investigator, where there has been a failing on the part of N, for a service like a holiday, I would expect businesses to consider any actual financial losses as well as loss of enjoyment as the purpose of the contract is to offer consumer enjoyment.

Under the PTR, where there has been a failing of this nature, Mr G is entitled to an appropriate price reduction. And given that Mr G used the flights, went aboard the cruise ship, used the food and drinks facilities, stayed for the full duration of the trip, I don't think it's fair for him to receive a full refund. I appreciate practically, it would have been difficult for Mr G to leave once aboard the ship and he boarded on the belief that his luggage would join him shortly afterwards. And I don't doubt that his missing luggage had a significant impact on his holiday, but I don't agree that he didn't benefit from this contract at all which would entitle him to a full refund. He still used the flights, transport and accommodation and food and drink and it's not unfair for Tesco to conclude he should pay for that.

I have thought about Mr G's inability to enjoy some of the services due to not having formal attire, his limited clothing and footwear as well as his serious concerns over not being able to monitor his blood pressure. I have no doubt this all would have impacted his ability to relax and enjoy the facilities and activities he could access. However, he is still only entitled to a price reduction, and Tesco has now offered compensation of approximately £750. I don't think this is an unreasonable offer based on the specific circumstances of this case, so I don't direct it to do anymore.

Overall, while I don't think Tesco's original response to his claim and complaint was fair, I think its current offer is in line with the PTR and I don't think it's unreasonable.

I appreciate when consumers pay such significant sums for a holiday, it can be extremely disheartening when the holidays don't go as planned. While I do sympathise with Mr G, based on what I've seen, I don't think I could safely conclude that the amount offered by Tesco in response to his concerns over the service received is unreasonable or that he's entitled to a full refund. I think Tesco's offer for the impact that this issue had on Mr G, is a fair way to put matters right, and I don't order Tesco to do anymore.

I should point out that Mr G doesn't have to accept this decision, and he may then be able to pursue the matter by more formal means such as through the courts.

Putting things right

Tesco must pay Mr G the amounts now offered including:

- £100 gesture of goodwill offered by Tesco.
- £106.26 for the hotel stay Mr G paid for but couldn't enjoy at his destination.
- £400 compensation to match the credit note offered by N
- \$200 compensation to match the on-board credit that N said it offered Mr G.

My final decision

For the reasons given above, I uphold this complaint. Barclays Bank UK PLC trading as Tesco Bank must put things right in the way 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 12 February 2026.

Asma Begum
Ombudsman