

The complaint

Mr L 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 hotel stay he paid for with credit it provided.

Mr L is represented by Mrs L who also stayed at the hotel, but as the credit card account is in Mr L’s name, he remains the complainant and I’ll mainly refer to him throughout this decision.

What happened

All parties are familiar with the facts of this case, so I’ll only briefly set them out here. In March 2025, Mr L used his Tesco credit card to pay the deposit for a hotel stay with a company I’ll refer to as C. The remaining amounts were also charged to his credit card account in July 2025. He paid £50 and £775 respectively. The booking was for him to stay between 7 and 12 July 2025 and he did stay at the hotel for the full duration of the booking.

On return Mr L complained to the hotel saying that it wasn’t as described, it wasn’t clean, the furniture was rusty and he felt the photos used to advertise the hotel were enhanced and didn’t resemble the actual hotel. He said the hotel had been described as 5* and that it would have satellite TV but neither was true so he felt the hotel had been misrepresented. He said that he would accept a 50% refund amounting to £412.50 to settle the dispute. He also raised a claim with Tesco under section 75 of the Consumer Credit Act 1974 (section 75).

Tesco considered Mr L’s claim initially under the MasterCard chargeback rules but as Mr L had utilised the booking, it didn’t feel his claim had a reasonable prospect of success. It also considered his claim under section 75 and noted that there was no evidence the issues complained about were raised with the hotel, so it hadn’t been able to rectify the issues, and that some of the claims were from Mr L’s own perspective. But it did offer to refund him £82.50 which was 10% of the overall cost (which was paid in August 2025). It also credited Mr L’s account with £75 compensation for service failings of Tesco while investigating his concerns.

Unhappy, Mr L decided to refer his complaint to the Financial Ombudsman. Mr L re-iterated his earlier concerns explaining he had provided pictures, and descriptions from another website to support his claim that the hotel had been misrepresented to him.

Our investigator looked into things and didn’t recommend the complaint should be upheld. They said that Mr L hadn’t provided sufficient evidence of a breach of contract or misrepresentation as the description that the hotel was 5* was not from C’s website but another third party website. Additionally, while it was noted that some rooms had satellite TV it didn’t say this was available in all rooms and Mr L’s booking didn’t say his room had this facility available. They also noted, that even if they’d accepted there had been a breach of contract or misrepresentation, a price reduction would be a fair remedy and this had been offered by Tesco.

Mr L didn’t agree for broadly the following reasons:

- The service received from Tesco while trying to raise their section 75 claim was poor with responses from staff members causing confusion.
- Tesco never contacted the hotel to get them to respond, and it kept asking Mr L questions. Tesco also never gave a clear answer as to what would have happened if they had refused to stay at the hotel.
- They felt the photos used on C's website bore no resemblance to the hotel and this was a clear case of misrepresentation.
- There was a Virgin box in their room that didn't work, and they did query this but were told that this had never worked and it was just for show.
- He felt Tesco didn't pursue the hotel for their section 75 claim as it involved extra work for them.

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 L, 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 for money back from their bank, businesses like Tesco have two potential ways to retrieve money back for consumers. A claim under chargeback and a claim under section 75. I will initially look at Mr L's claim under the chargeback process.

Chargeback

Under the chargeback process, Tesco is able to ask for a refund directly from C under specific circumstances through the Mastercard chargeback scheme. There are various reason codes that can be used. Tesco's role is to ensure the facts and evidence submitted are enough for it to request a refund on Mr L's behalf under a specific reason code.

It's important to note that not all disputes are captured by the chargeback rules. Some disputes simply do not entitle a consumer to request a refund through the chargeback scheme. Common reasons that enable financial businesses to request a refund include goods/services not being provided or being defective. Based on Mr L's circumstances, Tesco decided to not pursue the chargeback as it felt his claim didn't have a reasonable prospect of success.

The chargeback rules are prescriptive, and certain conditions need to be met before a request can be made. For defective services, usually such requests are successful only when consumers cancel the service and return home rather than when staying at the hotel for the full duration of the booking albeit unhappily. And even then, banks can usually only request a refund for the unused duration of the stay. So, I've seen cases where requests for a refund were accepted where consumers returned after staying for a few days, and they were refunded for the days they did not use the service.

But given that Mr L stayed at the hotel throughout the duration of the booking, I don't think Tesco acted unfairly by coming to the conclusion that the dispute had no reasonable

prospect of success under the chargeback scheme. I appreciate Mr L remained unhappy while staying at the hotel and understand the reasons why he didn't cancel. He's explained that based on customer reviews he suspects C wouldn't have refunded him, and he didn't think that C could have done anything about the state of the rooms during the stay – the hotel he felt was just rundown. But the chargeback rules don't have any provisions for this, usually, if someone has received the service, even if they decided not to cancel for genuine reasons, a refund is unlikely to succeed under the chargeback scheme.

I appreciate why Mr L was so disappointed with the outcome of this claim but based on what I've seen, I don't think Tesco has acted unreasonably or incorrectly. And I don't think Mr L has lost out because of anything Tesco did/did not do.

Section 75

I would add that I understand how disappointed Mr L must feel given he's paid significant sums for a hotel stay and can appreciate how dissatisfied he feels that it didn't match his expectations. But it may be helpful to explain that I need to consider whether Tesco – as a provider of financial services – should have done something different in response to his claim under section 75. Section 75 is a statutory protection that enables Mr L 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.

But it's important to note that Tesco isn't C and isn't responsible for everything that might've gone wrong with the hotel stay. Tesco is only liable to offer a remedy if Mr L can establish with evidence that there has been a breach of contract or misrepresentation – not for poor customer service or the hotel stay not meeting a customer's subjective expectations.

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.

In order to uphold Mr L's section 75 claim on the basis that there has been a breach of contract, Mr L would need to evidence that C breached a term of the contract (either express or implied) – and that caused him to suffer loss. The Consumer Rights Act 2015 (CRA) for example, implies terms into the contract that services must be performed exercising reasonable care and skill. The CRA sets out what remedies are available to consumers if statutory rights under a goods or services contract are not met.

It may be helpful to explain that where there is a breach of contract then the initial remedy is for the problem to be resolved (so repeat performance under the CRA) and, if that fails, than in some circumstances, consumers may be entitled to a price reduction.

For misrepresentation, Mr L would need to show that C made a false statement of fact or law which induced him into the contract. So, he would need to demonstrate that without that representation, he wouldn't have booked with the hotel. The usual remedy to begin with for a misrepresentation claim would be for consumers to cancel the stay and receive a refund of everything they've paid. It's unlikely a consumer who continued to use the service and benefitted from the contract in its entirety would be entitled to a full refund based on misrepresentation or breach of contract even if they could evidence such claims.

Before considering appropriate remedies, to begin with Mr L must evidence that there has been a breach of contract or a misrepresentation on the part of C, that Tesco is now obligated to remedy. And like our investigator mentioned, it is difficult to assess complaints about service standards objectively. I appreciate from the pictures Mr L provided, it does look like some of the furniture is worn and dated and I can understand why he was so disappointed with his stay.

But there are also some limitations of the evidence presented. For example, Mr L cannot evidence that he was told the Virgin Box was for show only and cleanliness standards are subjective. Additionally, the description of the hotel describing it as 5* was not from C's own website and as pointed out by our investigator, Mr L wasn't told that his room would have satellite TV connection, only that it was available in some rooms. So, there are genuine evidential hurdles to overcome for a claim like this – which I sympathise with. But to make a section 75 claim, the onus is on Mr L to evidence his claim not for Tesco to collate evidence for him.

The difficulty with Mr L's claim, is that section 75 is a legal claim and, as mentioned above, the onus to evidence his claim is on Mr L. To demonstrate breach of contract, he'd need to show there was a contractual failing rather than disappointment at the standards offered. And for misrepresentation, he'd have to show that he was mis-led in some way by C, that he relied on that and suffered loss due to it. As explained above, standards not being in line with a consumers preference/expectation does not give rise to a successful section 75 claim.

As explained above, under the CRA where there is a breach of contract, the initial remedy is for the breach to be remedied. For example, if Mr L wasn't happy with the cleanliness levels, then we'd expect that to be raised with the hotel during the stay so the hotel has the opportunity to provide a cleaning service. If satellite TV had been promised (and it doesn't look like this was guaranteed in his particular booking), then the remedy would be for that to be provided. This is why it's important to check if this was raised during the stay and if any issues were remedied. If it's not appropriate to remedy the breach, then an appropriate remedy is a price reduction. And Tesco has refunded 10% of the costs of the stay. I haven't seen anything to suggest this was an unreasonable amount bearing in mind that Mr L stayed for the full duration of the booking and based on the evidence Mr L had been able to present.

As explained above, I want to re-assure Mr L that I have looked at all the evidence he has submitted even if I don't comment on each and every thing submitted. Overall, while I do sympathise with Mr L, based on what I've seen, I don't think Tesco's offer to be unreasonable or unfair.

Service issues

Mr L has raised concerns over the way Tesco dealt with his dispute and the confusion caused by its communications. As explained by our investigator, while Mr L wanted a section 75 claim to be considered, it's not unreasonable for Tesco to consider a chargeback claim first. Sometimes its quicker and easier to get a refund for a customer through the chargeback scheme without the need for a complex investigation. If this fails a section 75 claim can be considered and will not be detrimentally affected by the chargeback claim having been considered first. And this sort of process mirrors the process of most financial businesses.

But Tesco should have explained its process clearly to Mr L so he understood what was happening and what was needed. Tesco has already accepted that its service levels fell below the standard it expects to provide and paid £75 compensation for this failing. This is broadly in line with what I would have recommended for the inconvenience caused so I don't direct it to do any more than this.

Summary

Overall, I don't think Tesco acted unfairly in relation to Mr L's chargeback and section 75 claim. I don't think his chargeback claim had a reasonable prospect of success and I think the offer made in response to Mr L's section 75 claim was fair. And while there were some

service failings, I think the compensation paid is reasonable. So, I find no grounds to uphold this complaint.

I should point out that Mr L doesn't have to accept this decision and if he rejects it, it will not be binding on him or Tesco. He may then be able to pursue the matter by more formal means such as through the courts.

My final decision

For the reasons explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 30 April 2026.

Asma Begum
Ombudsman