

The complaint

Mrs E has complained about the way National Westminster Bank Public Limited Company (“NatWest”) dealt with a claim for money back in relation to a package holiday she paid for with credit it provided.

What happened

The circumstances leading up to this claim aren’t disputed so I’ve only briefly set them out here. In May 2025, Mrs E used her NatWest credit card to pay for a package holiday she’d booked through a booking agent I’ll refer to as L. The holiday was for 7 nights, and Mrs E was due to fly out on 28 May 2025 and return on 4 June 2025. My understanding is that the package included flights, hotel and transfers and the total cost was £1669. Including Mrs E, there were four passengers included in the booking. Mrs E put the entire amount on her NatWest credit card.

Mrs E was not happy with the holiday and was concerned with a number of things including strong damp smell, visible mould, unhygienic conditions, overflowing bins, bugs and food waste left out. She says her husband became sick with food poisoning. She tried to raise concerns with L during her stay but says it did nothing to help. On return from her holiday L made an offer to refund £203.29 for the service failings but eventually refunded £239.58.

Unhappy with this, Mrs E raised a claim with NatWest. NatWest considered both her claim under chargeback as well as section 75 of the Consumer Credit Act 1974 (section 75). It declined both claims but on review of her complaint regarding its declinature, while it maintained its decisions were correct, it offered a further £130.60 gesture of goodwill (GOGW) towards her dispute and credited her with £100 compensation for delays in complaint handling.

Unhappy, Mrs E decided to refer her complaint to the Financial Ombudsman. She wanted a full refund explaining the service she received was poor, that the hotel was advertised as four star, but a hotel manager had confirmed its three star. She provided pictures and video’s as well as proof she’d liaised with hotel staff and L both during her stay and on her return. She said all this was provided to NatWest during its investigation. She said she’d had to pay for taxi’s and food outside of the hotel due to the poor standard of food available at the resort.

Our investigator looked into things and agreed that, based on the evidence provided by Mrs E, there did seem to be a breach of contract in this case. Mainly on the grounds that there did appear to be significant issues with cleanliness. But they felt the combined refund offered by L and NatWest of approximately £370 (£239.58 by L and £130.60 by NatWest), was sufficient to compensate Mrs E for the experience she had. They felt NatWest’s response to her chargeback claim and the compensation for delays was also fair.

Mrs E didn’t agree – she felt the service received was defective, that she’d provided evidence of breach of contract and misrepresentation. Under both her claim for chargeback and section 75 she felt she was entitled to significantly more than that offered. She also incurred significant additional costs and suffered great upset and stress on her holiday. She

said she was forced to stay at the hotel for the full duration of the holiday due to a lack of affordable alternative options.

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 Mrs E, that I have considered all her 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 she's said and all the evidence submitted, I want to re-assure her that I have looked at everything she's said and provided.

Chargeback

A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant card scheme rules. It allows customers to ask for a transaction to be refunded in a number of situations, some common examples being where goods or services aren't provided, where goods or services are defective, or where a credit isn't processed in line with a merchant's refund policy. In this particular case, an appropriate reason might be that service offered by L was defective.

The chargeback rules set out by the card scheme lay down strict conditions which must be satisfied for a chargeback claim to succeed – so customers aren't guaranteed to get a refund through the chargeback process. If a financial business thinks that a claim won't be successful, it doesn't have to raise a chargeback. But where there's a reasonable chance of success, I'd expect a financial business to raise a chargeback.

In this case, NatWest said that as Mrs E stayed at the resort for the entire period of the holiday, a chargeback claim wouldn't have succeeded so it did not attempt to raise one. Mrs E says she was unable to leave due to a lack of affordable alternative options to leave, and felt as the service was defective, NatWest ought to have raised this.

In my experience, with claims of this type, a refund can only be claimed if the service is cancelled and only for the unused portion of the holiday. There are no provisions for consumers who are unable to cancel the service and leave part way through even if this was due to genuine reasons. The chargeback rules only offer the opportunity to claim refunds under limited circumstances and will not capture every dispute that consumers may have with merchants.

Additionally, under the Mastercard rules, a chargeback can only be made if the merchant has refused to give any sort of price adjustment due to the issues a consumer has raised, and L did refund £239.58. Even if that was considerably less than what Mrs E wanted, under the rules, NatWest would be unable to demonstrate that Mrs E's case met the conditions needed to pursue the matter.

NatWest is unable to challenge the fairness of the rules, as the scheme is run by MasterCard and must simply apply the rules as they are. Bearing in mind the above, I don't think it was unreasonable for NatWest to conclude that Mrs E's claim did not have a reasonable prospect of success under the scheme rules.

So, as Mrs E stayed at the resort for the entire period of the holiday and didn't cancel the service and was offered a partial refund by L – I don't think there was any reasonable prospect of success under the chargeback rules. So, I don't think NatWest's response to her chargeback claim was unfair.

Section 75

I understand how disappointed Mrs E must feel given she's paid significant sums for a holiday and can appreciate how dissatisfied she feels that it didn't match her expectations. But it may be helpful to explain that I need to consider whether NatWest – as a provider of financial services – should offer any further remedies in response to her claim under section 75. But it's important to note NatWest isn't the supplier. Section 75 is a statutory protection that enables Mrs E to make a 'like claim' against NatWest 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 NatWest isn't L and isn't responsible for everything that might've gone wrong with the holiday. NatWest is only liable to offer a remedy if Mrs E can establish with evidence that there has been a breach of contract or misrepresentation.

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 NatWest 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 Mrs E's section 75 claim on the basis that there has been a breach of contract, Mrs E would need to evidence that L breached a term of the contract – and that caused her to suffer loss. She 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 like a beach or a sports bar) 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 performed exercising reasonable care and skill.

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

It doesn't appear that any specific facilities or amenities were not provided under the contract. The flights and transfers also appear to be unaffected by the issues Mrs E has raised. And Mrs E and her family appear to have used the package including flights, transfers, hotel room, and food and drinks facilities.

Much of Mrs E's concerns relate to the quality of service provided under the contract and it is difficult to assess complaints about service standards objectively. For example, Mrs E cannot evidence an unpleasant damp smell, and the quality of food is also subjective. I understand Mrs E believes her husband suffered from food poisoning, but usually businesses like NatWest would require medical evidence that the symptoms he suffered from were related to the food provided by the hotel and not simply a virus caught on his travels for example. So, there are evidential hurdles to overcome with cases of this nature.

However, as explained by our investigator, I think it's apparent from the pictures, videos, emails correspondence with L during the stay that there were obvious issues of cleanliness, and other quality concerns in this case. I'm satisfied overall that Mrs E has done enough to demonstrate that the level of service she received fell below a reasonable standard and this therefore amounts to a breach of contract. I've seen pictures of unclean stained flooring, bugs on the bed and rusted bathroom appliances to name a few. As explained above, while I may not comment on everything Mrs E has submitted, I have reviewed everything she's sent in.

So, I agree with Mrs E and our investigator, that there are significant service failings here and now move on to consider whether I can fairly direct NatWest to offer more than its already offered.

I appreciate Mrs E feels the hotel was misrepresented to her bearing in mind the hotel was marketed and sold as a four star hotel and the hotel manager confirmed in her view that it was only a three star hotel. But she hasn't noted any facilities or amenities that she expected from a four star hotel that wasn't provided, and L said there is no standardised way of scoring hotels with star ratings. But even if this was the case, the remedy for misrepresentation is for Mrs E to cancel the contract, return from her holiday and receive a full refund which she didn't do. I understand her reasons for doing so, but as she stayed at the resort for the full duration of the holiday, her ability to claim a full refund for misrepresentation would be limited.

As explained by our investigator, under the PTR, where there is a failing of this nature, Mrs E is entitled to an appropriate price reduction. Where significant elements of the package have been used, all facilities offered, I don't think it's fair for her to receive a full refund. Other than asking for a full refund, Mrs E hasn't specified what else would be a fair solution to this complaint.

Mrs E has been offered a combined compensation amount of approximately £370 by both L and NatWest which amounts to just over 20% of the total cost of the holiday. As her flights and transfers remained unaffected, and she stayed and used the hotel and room for the full duration of the hotel, I don't think that amount is unreasonable.

I want to make it clear that I'm not saying that things didn't go wrong and Mrs E didn't experience the service issues she's mentioned. I appreciate when consumers pay such significant sums for a holiday, it can be extremely disheartening when the holidays don't meet their expectations. But while I do sympathise with Mrs E, based on what I've seen, I don't think I could safely conclude that the amount offered in response to her concerns over the service received was unreasonable or that she's entitled to anymore.

I understand it took some time for NatWest to correctly deal with Mrs E's claim. NatWest is expected to deal with claims and complaints in a timely manner, but I think NatWest's offer of £100 compensation for its service failings is sufficient in this case and I don't require it to do anymore.

Overall, I am sorry that Mrs E remains so unhappy with her holiday. But based on what I've seen I don't think I could safely conclude she is entitled to more than what she has already been offered so I don't find there are grounds for me to uphold this complaint and direct NatWest to offer any more in relation to her section 75 claim. I also agree that NatWest's answer to her chargeback claim is reasonable and its compensatory payment of £100 for its own service failings is fair.

If it hasn't already done so, and Mrs E accepts this decision, NatWest should pay Mrs E the compensation its offered of £130.60. However, I should point out that Mrs E doesn't have to

accept this decision. She is free to pursue the matter by more formal means such as through the courts.

My final decision

For the reasons given above, I don't uphold this complaint. National Westminster Bank Public Limited Company does not need to do any more than its already offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 20 January 2026.

Asma Begum
Ombudsman