

The complaint

Mrs G has complained about how AMERICAN EXPRESS SERVICES EUROPE LIMITED (AMEX) dealt with her request for a refund.

What happened

In 2025, Mrs G made four payments to a travel agent for a package holiday in mid-2025, totalling around £22,000, for five people, including Mrs G. The package included premium economy flights on the return flight and a higher class of travel on the outbound flight, an all-inclusive hotel package and private transfers.

Mrs G explained that the quality of the hotel did not match the star rating the hotel had. She said that after booking she paid around £700 to upgrade each of the three rooms, but instead of getting these rooms, she was told she had been upgraded to the original rooms she had booked and as such she didn't feel she got what she paid extra for. Mrs G said the food was poor, unhygienic and one of the parties ate contaminated food. She said the rooms were dirty, the pool swim up bar was not open, other aspects were not as described and on one day local children took over the pool, and as such she felt it wasn't the luxury resort she had booked.

Mrs G tried to resolve matters with the hotel and travel agent and was offered an apology as well as an over £3,000 refund. That was made up of a 3 night refund offered by the hotel for each of the three rooms booked, plus an additional £100 per room refund offered by the travel agent. Mrs G didn't accept and asked AMEX to assist her in getting a more substantial refund.

AMEX considered Mrs G's claim and wrote to her explaining it was unable to uphold it. It said that it had not seen evidence to substantiate that the supplier failed to perform the key services of the package, which it said consisted of flights, transfers and accommodation, all of which were utilised in full. It said a false statement of fact that induced Mrs G into the contract had not been evidenced, which was required for a successful misrepresentation claim and noted Mrs G had received a £4,000 refund following a successful chargeback. It acknowledged that a compensation amount can be subjective, but that it considered the offers to be a fair way to resolve things. AMEX empathised with the concerns surrounding the quality of the food, but said this was subjective and not an essential part of the package and was outside of the supplier's remit. Mrs G didn't agree and so she raised a complaint.

In response to the complaint, AMEX explained that it was unable to uphold Mrs G's Section 75 claim, as set out in Section 75 of the Consumer Credit Act 1974, for the reasons it previously explained and that it had not made any errors in the handling of her claim. Unhappy with this response, Mrs G referred her complaint to this service for an independent opinion.

One of our Investigators looked into the complaint. She said that she thought AMEX dealt with the chargebacks fairly, which resulted in Mrs G receiving a refund of £4,000. She considered this to be reasonable and proportionate, given that Mrs G had use of the services, which left limited scope for the other chargebacks to be successful. She didn't think

there had been a breach of contract or misrepresentation that AMEX was liable for, other than the room booked not being provided, but she thought the £4,000 refund was enough to remedy that breach.

Mrs G didn't agree. She said she had sent photographs to show the issues they had in the rooms, which she reported to the hotel. She said the presence of school children and the fact the swim up bar was not open was false advertising. She also reiterated her concerns about the quality of food. Our Investigator reconsidered and explained that she thought the £4,000 refund was fair in the circumstances, considering the concerns Mrs G had raised and that she had full use of the holiday.

As an agreement couldn't be reached the complaint has been passed to me to decide.

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.

In considering what's fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

I'm aware I've summarised the events of the complaint to some degree. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality. But I want to assure Mrs G and AMEX that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it, but it's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

I'd like to start by saying how sorry I was to hear about the impact the issue had on Mrs G and her family and thank her for sharing this with me. I understand the holiday was a very important one for them. Whilst I have the upmost empathy for the situation they were in, I must put those feelings aside when thinking about what's fair and reasonable in the circumstances of this complaint.

To be clear I am only determining whether AMEX treated Mrs G fairly in how it handled the disputes. Whilst there may have been issues, it doesn't necessarily mean that AMEX treated Mrs G unfairly.

There were two ways in which AMEX could potentially assist Mrs G in getting a refund for the transactions, either through a chargeback or a Section 75 claim. I've considered each in turn.

Chargeback

There are set rules and criteria under which AMEX would need to follow as part of the chargeback process. Part of these rules set out the situations in which a chargeback can be raised in the form of reason codes, along with specific criteria for each code. A chargeback isn't an automatic right for consumers and in Mrs G's circumstances AMEX had discretion to decide whether to attempt them or not.

However, in treating Mrs G fairly I'd expect it to attempt them if the scheme rules provided a specific option for her disputes and they had a reasonable prospect of success. If a chargeback is attempted, it would be for AMEX to decide whether to pursue them further to

each subsequent stage, depending on whether it considered there was a good prospect of them succeeding at each stage or not.

AMEX attempted the chargebacks under the reason code 'Not as Described or Defective Merchandise'. I think this was the most appropriate reason code to use, based on the information Mrs G provided. The merchant provided a defence through its own bank, in which it agreed to refund Mrs G £4,000 through one of the chargebacks and it declined the rest of the disputed transaction amounts, as it said Mrs G had use of the services. This resulted in Mrs G receiving a refund of £4,000. AMEX decided not to pursue the other chargebacks further and so I've thought about whether this was fair.

The package holiday that Mrs G paid for was made up of various components, including premium economy seats on one leg of the journey and a higher class of seats on the other, private transfers and various amenities at the hotel included with the level of room and all-inclusive package. I can appreciate why AMEX considered the various elements that formed part of the package when thinking about whether anymore of the chargebacks had a good prospect of succeeding, alongside the elements of the package that Mrs G said she either didn't receive or was unhappy with.

AMEX said it thought a refund of £4,000, around 18% of the total holiday cost, was fair and I don't think this was an unreasonable conclusion to reach, given that Mrs G and her party had use of a substantial part of the holiday. As such, I don't think any chargebacks for the full cost of the holiday were likely to have been successful had they been taken to the final stage of the chargeback process. It follows that I don't think AMEX treated Mrs G unfairly by deciding not to take the chargebacks further and debiting any temporary credits from Mrs G's account, after she received the £4,000 refund.

Section 75

In certain circumstances, Mrs G can make a like claim against AMEX for any breaches of contract or misrepresentations by the supplier of goods or services, when payment is made via credit card. This is through a Section 75 claim.

In order to say that AMEX treated Mrs G unfairly in how it handled her claim, I'd need to be satisfied that the necessary criteria had been met and if so, that a breach of contract or misrepresentation had been evidenced. I'm satisfied that the necessary criteria had been met.

Given that a Section 75 claim is an equal claim against AMEX, that Mrs G could have against the supplier, if a suitable remedy had already been actioned by the supplier, then AMEX wouldn't be liable to take any further action.

It's not in dispute here that there were issues with services provided by the hotel. The supplier has shown AMEX that the services provided by the hotel cost around £12,500, a little over half of the total cost of the package holiday. It's worth noting that Mrs G has not raised concerns about all of the elements of the services provided by the hotel or any of the transport. As such, there were significant parts of the package she received without any issues and both she and her party remained at the hotel, using the services available for the duration of her booking. So, I've thought about whether AMEX was fair to conclude that the remedy for any breaches of contract and misrepresentations was fairly remedied with the supplier's offer.

Mrs G has received a refund of £4,000. Considering that she said her party did not receive the upgrade she paid for and considering the additional issues she has included as part of her claim, AMEX thought this was a fair remedy for the breaches of contracts and

misrepresentations Mrs G had claimed for and as such it declined her claim. I can appreciate why AMEX reached this conclusion, given that £4,000 was a significant portion of the accommodation costs and considering all of the services she and her party did receive whilst they stayed at the hotel for the duration of the booking. That isn't to say that the issues Mrs G experienced didn't have an impact, but considering all of the services she did receive and those that she didn't or experienced issues with, I don't think AMEX treated Mrs G unfairly by deciding it didn't have any further liability and declined her claim, given the refund that had already been received.

Whilst I appreciate this will likely come as a disappointment to Mrs G, I have to think carefully about the information AMEX had at the time of the claim and the remedy already in place. I don't think it was unreasonable for AMEX to decline to provide a full or further refund and instead deem the remedy already actioned by the supplier to be a fair resolution. It follows, that I don't think AMEX treated Mrs G unfairly when it declined her Section 75 claim.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 21 May 2026.

Daniella Roberts
Ombudsman