

The complaint

Mr A complained about the way National Westminster Bank Public Limited Company (NatWest) dealt with his claim for a refund.

Mr A is represented in his complaint. But to keep things simple I have referred to all submissions and actions taken from Mr A's representative as being made by Mr A.

What happened

The circumstances of the complaint are well known to the parties, so I won't go over everything again in detail. But to summarise, in September 2024 Mr A used his NatWest credit card to pay for a package holiday using an online booking platform I'll call L. The total cost of the holiday was around £1,667. The holiday was for two adults for around 10 days including breakfast and dinner; Mr A was also due to travel in September 2024 and said the holiday was for his wife to recover from a major surgery.

Mr A was able to use the flights and transfers but was unhappy with the hotel on arrival. He said he was unhappy with the facilities and didn't think it was a four-star hotel as advertised and the distance to the beach was incorrect. He said he complained about a number of things including:

- The condition of the room his wife was staying in.
- The ability to get food and having to go out of the hotel to get food nearby because of issues getting a table.
- The condition of the beach and the sun loungers.
- Guest behaviour.

Mr A said that he couldn't stay at the hotel because of the risks to his wife's health and the stress caused and complained to L.

L arranged for him to move to another hotel for the last four days of his holiday; despite telling him rooms weren't available in the hotel he wanted to move to. When Mr A returned from the holiday he wrote to L to explain all the issues he experienced and the customer service he received from both L and the hotel. He also mentioned additional costs for the late checkout and taxes for the replacement hotel, food costs and cost for taxis.

L considered Mr A's complaint and agreed to refund the nights stayed in the original hotel and a refund of charges at the replacement hotel. This was around £516 and was applied to Mr A's credit card account in October 2024. However, it didn't agree to cover all costs as it required receipts. It also mentioned a £200 voucher.

Mr A was unhappy with this as he wanted a full refund and compensation as both him and his wife needed recovery due to the experience they had and because of health issues. He raised a dispute with NatWest.

NatWest said that a chargeback wasn't raised as it didn't think it could raise a dispute about the standards of services, as Mr A stayed for the duration of the holiday. It considered a claim under Section 75 of the Consumer Credit Act 1974 (Section 75) and declined this on the basis that Mr A received a partial refund.

In response to Mr A's complaint, NatWest said that its decision about the Section 75 claim remained. It sent a final response letter in December 2024 and explained its position for the chargeback and Section 75. It also addressed Mr A's concerns about rewards vouchers which he raised separately. It sent another final response in January 2025, acknowledging that the service Mr A was provided didn't meet its standards and paid £200 compensation.

Mr A referred his complaint to the Financial Ombudsman. He explained that he received poor service from the hotel and was unhappy with the issues he experienced, and he didn't agree with NatWest's position as the hotel wasn't as described. He also explained that NatWest removed the total amount of the holiday minus the refund from L under dispute and this was debited from his account. He said that the hotel was misrepresented and the four-star rating of the original hotel didn't reflect the condition and the service he received.

Our investigator considered the complaint and didn't uphold it. He didn't think NatWest acted unfairly by not raising a chargeback dispute. He also didn't think NatWest could be held liable for a misrepresentation or breach of contract under a Section 75 claim.

As the matter remains unresolved it 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.

Mr A has made detailed submissions to all parties including our service, I want to acknowledge that I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I want to assure Mr A and NatWest that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this. As Mr A has predominantly focused on his holiday I've focused on this in my decision.

I also want to say I'm very sorry to hear that Mr A was unhappy with the trip. I appreciate it was a chance to recuperate for him and his wife and I'm sorry to hear that it caused them stress and worry.

However, what I need to consider is whether NatWest – as a provider of financial services – has acted fairly and reasonably in the way it handled Mr A's request for a refund. It's important to note NatWest isn't the supplier. I've gone on to think about the specific card protections that are available. In situations like this, NatWest can consider assessing a claim under section 75 or raising a chargeback.

Section 75

Under Section 75, NatWest is jointly liable for any breaches of contract or misrepresentations made by the supplier of goods or services – which is L in this case. In order for there to be a valid claim under Section 75, there needs to be a debtor-creditor-supplier ('DCS') agreement in place and the transaction needs to be within certain financial limits. I'm satisfied the criteria has been met for a claim to be considered.

The Consumer Rights Act 2015 (CRA) is also relevant to this complaint. The CRA implies terms into the contract that the services will be performed with “reasonable care and skill”. The CRA also sets out what remedies are available to consumers if statutory rights under a goods (or services) contract are not met.

The Package Travel and Linked Travel Arrangements Regulations 2018 (“PTRs”) are applicable to the contract too; it makes L responsible for the performance of the contract. The PTRs also set out that L is to provide an appropriate price reduction where parts of the holiday contract are not performed correctly.

Misrepresentation

Mr A has claimed a misrepresentation occurred. He said that the star rating for the original hotel didn’t reflect the facilities and the beach was further than it was stated. In order to consider if a misrepresentation occurred, I have to consider if a false statement of fact was made, which induced Mr B into the contract.

I’ve also considered the terms and conditions which our investigator considered on L’s website and I agree that it states:

“19. Accommodation Ratings and Standards

Star ratings are used to symbolise the overall quality and level of standards of each accommodation type and are typically based on criteria including the range of standard facilities, the quality of the furnishings, the quality and range of the food outlets, and the overall level of service.

However, there is no uniform and consistent method of star ratings and, as such, they can vary significantly by country, and often within countries. Also, not all countries have official rating systems. Therefore, the rating displayed is only an opinion and should only be used as a guide. If your Service Provider provides an “official” tourist board rating, we will endeavour to include that within the accommodation description.

We cannot guarantee the accuracy of any ratings given. All ratings are as provided via the relevant Service Provider and are not our personal ratings.”

Although Mr A doesn’t agree that the hotel he initially booked was a four-star rating, having considered the terms and conditions I think L has explained that the rating is an opinion and should be used as a guide. Additionally, I haven’t seen that Mr A only chose this hotel because of the star rating or the distance to the beach, so I’m not satisfied a false statement was made, which induced him into the contract.

Breach of contract

Mr A has detailed a number of issues that him and his wife experienced at the hotel. As L offered to refund the cost of the stay at the original hotel, I won’t go into the issues Mr A has described in detail as it appears accepted that the services provided weren’t up to standard. It’s clear Mr A was unhappy with his experience at the first hotel, and I think some of what he has described could be subjective like the behaviour of other guests and the availability of food and tables at mealtimes; however, I have to consider what NatWest could be held liable for in the legal claim Mr A has raised.

Where there is a breach of contract for services Mr A may have been able to claim for a repeat performance or a price reduction. However, I’m conscious that Mr A was able to utilise the flights for the holiday booking and had use of another hotel for some of his stay so

I don't think it would be fair to consider a repeat performance as Mr A had had some use of the holiday for the price he paid. As L paid a refund to Mr A for the nights he stayed at the original hotel I've considered if NatWest could be held liable for any further price reduction.

At this point it is important to explain where two parties are jointly and severally liable for a breach of contract, this does not usually entitle a consumer to insist that one party alone provides a remedy. Consumers are expected to take reasonable steps to minimise their losses and where one party has already put forward a reasonable proposal to resolve matters it may be appropriate for the other party to rely on that proposal.

Mr A has said he should receive a full refund. However, I think he did receive substantial use of the holiday including the flights transfers and accommodation for the duration of the stay including alternative accommodation for part of the trip. In these circumstances I don't think it would be fair to conclude that a full refund was appropriate. As L had already paid a refund to Mr A for the cost of the stay at the hotel Mr A raised concerns about, I don't think it would be fair to conclude L failed to provide an appropriate remedy. Therefore, I don't think it is fair to require NatWest to pay Mr A anything more.

Chargeback

Chargeback is based on the relevant card scheme rules. In this case it's the Mastercard scheme rules. A card issuer can attempt a chargeback on behalf of a cardholder where they dispute a transaction with a merchant, if they meet the criteria of the rules. A chargeback is not guaranteed to succeed, and a card issuer does not have to raise one.

In this case NatWest said it didn't raise a chargeback. I've thought about whether Mr A would have had any different recourse under the provisions of a chargeback claim. Mr A would have been claiming under rules relating to services not as described or defective. As he stayed for the duration of the holiday and as L offered a refund for the nights Mr A stayed in the original hotel I'm not persuaded that he would have been able to claim for any more than what he had already been given by L. So, I don't think NatWest acted unfairly by not pursuing a chargeback as its unlikely to have had reasonable prospect of success.

Compensation and consequential losses

Mr A has also said that he wants compensation for the impact of the holiday and costs towards another holiday. I would explain generally compensation for the actions of the supplier isn't recoverable for a claim like this.

I've considered the overall handling of Mr A's dispute by NatWest, and I can see that it asked for the relevant information and progressed the claim within a reasonable period of time. It paid Mr A £200 compensation and I think this was fair to resolve the complaint.

While I understand that my decision will be disappointing for Mr A, I don't think NatWest was required to do anymore for a breach of contract under a Section 75 claim and I don't think it was unfair of it not to raise a chargeback claim. I think the compensation it paid to Mr A was fair and reasonable. So, I find no grounds to uphold this complaint. I should point out Mr A doesn't have to accept this decision. He's also free to pursue the complaint by more formal means such as through the courts.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or

reject my decision before 20 February 2026.

Amina Rashid
Ombudsman