

The complaint

Mr K complains about Barclays Bank UK PLC trading as Tesco Bank's response to a claim he sought to make against it under connected lender liability provisions set out in section 75 of the Consumer Credit Act 1974 ("CCA"). Mr K is assisted in bringing his claim and subsequent complaint by a third-party professional representative ("PR").

Background to this decision

I recently issued my provisional decision setting out the events leading up to this complaint and my intended conclusions on how I considered the dispute best resolved. I've reproduced that provisional decision here and it is incorporated as part of my overall findings. I invited both parties to let me have any further comments they wished to make in response, and I will address their responses later in this decision.

My provisional findings

In June 2018 Mr K used his Tesco Bank to pay £9,800 towards the cost of admission for him and Mrs K to membership of Hever Hotel Room 17 Limited ("H"), a company limited by guarantee. The purchase also conferred certain rights to enjoyment of the hotel and its facilities under what was termed a fractional ownership arrangement.

Under the purchase agreement those rights were immediately ceded in return for membership of a holiday club scheme that entitled Mr and Mrs K¹ to make use of resorts worldwide. The purchase arrangements also included a share (1/52) in the net sale proceeds of a named property (the 'Allocated Property') after 21 years.

With PR's assistance, on 21 February 2023 Mr K brought a claim to Tesco Bank under section 75 of the CCA. The claim cited several instances of what Mr K considered to be misrepresentations and a breach of contract, as well as a breach of regulations² prohibiting the sale and/or marketing of a timeshare contract as an investment. The claim requested that the bank pay Mr K compensation.

Tesco Bank said it had considered whether to raise a chargeback, but had concluded the claim was out of time to do so. It didn't accept it was liable under section 75. The bank considered that Mr K hadn't provided sufficient evidence to substantiate the claims of misrepresentation or breach of contract. Mr K complained about the decision to decline his claim, but Tesco Bank wouldn't change its stance and he referred his complaint to us.

Our investigator wasn't initially minded to uphold the complaint. But following representations from Mr K and PR, on 5 February 2026 the investigator issued an assessment in which he was satisfied that the nature of the purchase had been misrepresented to Mr K. The

¹ Although Mr and Mrs K's purchase was joint, the credit agreement that gives rise to the section 75 claim is in Mr K's sole name and I shall refer to the actions of Mr K even where those actions were joint.

² The Timeshare, Holiday Products, Resale and Exchange Contracts Regulations 2010 (specifically, Regulation 14(3)).

investigator recommended that Tesco Bank should rework Mr K's credit card account as if the purchase hadn't taken place, reimbursing any resultant overpayments with interest.

PR indicated that Mr K was willing to accept the investigator's proposed resolution. Tesco Bank didn't respond, despite chasing, and the dispute has now been passed to me for review and determination.

What I've provisionally 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.

Section 75 of the CCA creates a mechanism by which Mr K might be able to pursue a claim against Tesco Bank for a breach of contract or misrepresentation by the supplier. For there to be a valid claim under section 75, there needs to be a specific relationship between Mr K, the supplier and Tesco Bank. I'm satisfied the relevant section 75 relationship exists between the parties in this case. And the overall cash price attached to the purchase meets the financial limits of section 75. None of this is disputed by the parties.

I've noted the reasons Tesco Bank gave for declining to meet Mr K's claim. Primarily, the bank's position is that there was insufficient evidence submitted that the supplier misrepresented the nature of what Mr K was buying or the way in which the product operated. In particular, Tesco Bank declined to accept that the product was sold as an investment as there was no contractual guarantee of profit.

I'm minded to say that this suggests a failing on Tesco Bank's part to properly consider the documents Mr K and PR supplied when submitting the claim, as well as its own role as respondent to that claim. I say this primarily because Mr K's submissions included marketing documents that contained representations that induced him to enter into the contract but didn't accurately describe the nature of the purchase.

For example, Mr K (and his wife) between them spent £10,800 to buy what they understood to be fractional ownership of a property. The marketing material includes statements that the supplier "*offer fractional ownership products allowing clients to own a share in a holiday home at a fraction of the cost*" and "*You own a share of the property*". Neither of these statements is true; according to the documents what Mr K (and his wife) actually acquired was membership of a company limited by guarantee (H), which had vested in it as trustee a long-leasehold on the property. As a member of H, Mr K would be a beneficiary of the trust but not an owner of H. So the representation that Mr K would "*own a share of the property*" was misleading and inaccurate.

I further note that the 'Fractional Ownership Standard Information Form' document (Part 3) includes the following description under the heading 'Information about the rights acquired':

"Membership of the UK company limited by guarantee, which in effect means an interest in the 'bricks and mortar' of the portion of the property purchased."

Noting the nature of the long-leasehold vested in H, by becoming a member of H, Mr K was neither 'in effect' nor in reality acquiring an interest in the bricks and mortar of any part of the property. While membership gave Mr K certain rights of occupation and enjoyment, and he was potentially allowed to sell his membership and reduce future liability for service and other charges, these are some way removed from any reasonable interpretation of acquiring "*an interest in the bricks and mortar*".

I have very carefully considered Mr K's account of his meeting with the salesman and their subsequent correspondence. Mr K's recollection of what was said seems to me to be an honest one, and I find no reason to conclude it is anything other than an accurate reflection of what the salesman said. Mr K believed that he (and his wife) did know what they were signing up for – but, unfortunately, the deal had been misrepresented to them.

Mr K and the PR brought this information to Tesco Bank's attention when submitting his claim. As a result, I consider that Tesco could and should have done more to address its potential liability to Mr K under section 75. The position the bank adopted – that Mr K hadn't provided sufficient evidence – doesn't appear to me to be fair, given the weight of evidence he submitted in relation to his claim.

I will also touch on Tesco Bank's other stated reason for declining to meet Mr K's claim, which was to reject the claim that the product was sold as an investment as there was no contractual guarantee of profit. I assume this was an error or misunderstanding on Tesco Bank's part; the bank is no doubt aware that while an investment might offer the hope or expectation of a gain or profit, it is not necessary for a guarantee to be in place in order for a product to constitute an investment.

It follows that I'm minded to conclude there were deficiencies in the way Tesco Bank approached Mr K's claim that led to him being treated unfairly and which suggest it would be appropriate for the bank to address his financial loss. In keeping with our published approach to being deprived of the use of money, I also consider that Mr K should receive interest on the sums he paid. And Tesco Bank should pay him compensation for the unnecessary time and trouble he's been caused by its handling of the claim.

Putting things right

I intend to direct Barclays Bank UK PLC trading as Tesco Bank to pay Mr K:

1. £9,800, representing the amount he put towards the purchase;
2. simple interest, calculated at 8% a year from the date Mr K repaid this sum on to his credit card account to the date of settlement. If Mr K did not repay the sum in full in one go, then interest should be calculated at this rate on the amounts he paid from the respective date of each payment until the date of settlement; and
3. £200, to reflect Mr K's distress and inconvenience.

I will leave Tesco Bank to choose whether or not it would like to take ownership of Mr K's membership – with the rights and responsibilities that those entail. If it decides it would, then Mr K (and Mrs K) will need to cooperate in that and provide their signatures to any necessary transfer paperwork.

Responses to my provisional decision

Through PR, Mr K accepted my intended conclusions. Despite our investigator chasing its response, Tesco Bank has made no further submissions. So in the interests of bringing matters to a close I'm now proceeding with my 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.

In light of what's been said in response to my proposed findings and resolution, I see no reason to depart from the conclusions or redress set out in my provisional decision. I therefore adopt my provisional findings and proposed resolution in full in this final decision.

My final decision

For the reasons set out here and in my provisional decision, my final decision is that to settle this complaint Barclays Bank UK PLC trading as Tesco Bank must, within 28 days of receiving his acceptance of it, pay Mr K:

1. £9,800, representing the amount he put towards the purchase;
2. simple interest, calculated at 8% a year from the date Mr K repaid this sum on to his credit card account to the date of settlement. If Mr K did not repay the sum in full in one go, then interest should be calculated at this rate on the amounts he paid from the respective date of each payment until the date of settlement; and
3. £200, to reflect Mr K's distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 28 April 2026.

Niall Taylor
Ombudsman