

complaint

Mrs D complains that Tesco Personal Finance plc, trading as Tesco Bank, won't refund to her all of the costs that she had to pay when her party missed a connecting flight. Her complaint is made against Tesco Bank under section 75 of the Consumer Credit Act 1974.

background

Mrs D used her Tesco Bank credit card in February 2014 to pay for some flights for her husband, her daughter and herself. A few days later she used her credit card to pay for flights for seven members of another family – and on the same day she also used the card to pay for a ticket for another member of that family. One of the flights was delayed so the group missed a connecting flight. They incurred additional flight, hotel, meal and phone costs as a result. They were able to recover some of those costs through their insurance and Mrs D claimed the balance of the costs from Tesco Bank under section 75. It said that there was no debtor-creditor-supplier link between Mrs D's husband and daughter and other members of the party. But, as a goodwill gesture, it included Mrs D's daughter and husband within her claim. It offered to refund £1,186.38 to Mrs D. She did not accept its offer and complained to this service.

The adjudicator concluded that Tesco Bank's offer to reimburse the costs incurred by Mrs D's husband and daughter and herself (minus the refund she had already received from the insurance company) - a total of £1,186.38 - was fair and reasonable. He concluded that the debtor-creditor-supplier chain was broken for Mrs D's purchase of the flights for the other members of the party. He also noted that Mrs D had said that the other members of the party would be paying her back for the costs incurred – so he said that it was possible that she could receive double her money back.

Mrs D has asked for her complaint to be considered by an ombudsman. She says, in summary, that all three invoices in February 2014 were made out in her name and sent to her address - which shows that the transactions were for her benefit and establishes the debtor-creditor-supplier relationship. She also says that the group of eleven people has suffered a loss of about £6,000 (after insurance receipts) as a result of the failure of the supplier's service.

my findings

I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

In certain circumstances, section 75 gives a consumer an equal right to claim against the supplier of goods or services or the provider of credit if there's been a breach of contract or misrepresentation by the supplier. One of those circumstances is that there must be a direct relationship between the debtor, the creditor and the supplier.

In this case: Mrs D is the debtor because she has used her credit card to buy the flights; Tesco Bank is the creditor because it has provided credit to Mrs D; and the supplier is the travel company that has agreed to provide flights to Mrs D and the other members of the party. But Tesco Bank does not have a direct relationship with all of the people for whom Mrs D has paid for flights. I find that there is a direct relationship relating to the tickets for her husband and daughter because they were bought on the same invoice as

Mrs D's ticket. But I find that there is no direct relationship relating to the tickets for the other members of the party that were paid for by Mrs D.

Tesco Bank has offered to refund to Mrs D the additional costs that have been incurred relating to Mrs D, her husband and her daughter. I find that to be fair and reasonable in the circumstances. But as I consider that there is no debtor-creditor-supplier relationship relating to the other members of the party – I find that it wouldn't be fair or reasonable for me to require Tesco Bank to refund to Mrs D the other costs that she has claimed.

my final decision

So my decision is that – in full and final settlement of Mrs D's complaint – Tesco Personal Finance plc, trading as Tesco Bank, should pay (not credit) £1,186.38 to her.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs D to accept or reject my decision before 11 April 2016.

Jarrold Hastings
ombudsman