

## **The complaint**

Mrs H complains about the way Tesco Personal Finance Plc ('Tesco') handled her request for a refund in relation to a trip she paid for with her Tesco credit card.

## **What happened**

- In November 2019 Mrs H booked a trip for her and three family members with a company I shall call 'I' departing in late August 2020. The cost of trip was £7,518 and Mrs H paid a deposit at the time of the booking of £1,468 – made up of two separate payments on her Tesco credit card. The remaining balance was paid by bank transfer from an account with another bank.
- In June 2020 Mrs H was told that the trip had been cancelled and refunds would be issued in due course.
- Having not received a refund from I, Mrs H asked Tesco to help her get one. It initially told her that it couldn't help because her contract with I contained a force majeure clause. It then changed its view on this and processed chargebacks for the two payments she'd made towards the deposit on her Tesco credit card and these sums were successfully recovered.
- Tesco told Mrs H it couldn't help her recover the remaining sum she'd paid by bank transfer. Then it said she'd need to ask the bank she sent the transfer from to attempt a chargeback. Realising this was incorrect Tesco later told Mrs H that it could help by considering a claim under Section 75 Consumer Credit Act 1974 ('Section 75'). But it said that before it could do this it would need confirmation Mrs H's claim with a bonding authority had not been successful.
- Mrs H was unhappy with this because she didn't think Tesco should have asked her to go to the bonding authority. She said this caused unnecessary delays because the bonding authority had long delays in processing disputes. And she said it wasn't the appropriate body to claim from in any event.
- In October 2020 the supplier refunded Mrs H the remaining cost of the trip directly.
- Our investigator thought Mrs H's complaint should be upheld. She said Tesco had inappropriately asked Mrs H to pursue a claim via the bonding authority and should not have declined to look at her claim pending the agent's findings. She asked Tesco to pay Mrs H £50 compensation for the distress and inconvenience this had caused her.
- Tesco did not agree with the investigator. It said it was necessary to make sure that Mrs H was not recovering the value of the claim elsewhere before considering whether it would meet it.

## **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.

- Tesco couldn't have helped Mrs H recover the sum she paid by bank transfer from another bank via the chargeback process.
- Tesco was wrong however to suggest that Mrs H attempt a chargeback with that bank before it would look at her claim under section 75. Bank transfers cannot be recovered by chargeback.
- Tesco's offer to pay Mrs H £50 compensation for this and for not helping her initially when she asked it to look into refunding the sums she'd paid on her Tesco credit card was fair. Tesco should pay this to Mrs H if it hasn't already.
- It looks on the face of it that Mrs H may have had a valid claim under section 75 in respect of her trip. But seeing as she's received a full refund from I now, I do not find it necessary to review that matter further in this complaint.
- Mrs H has provided a screen grab of a message from a Tesco Section 75 case handler which said *'In order for us to process your claim... As your funds would also have been ATOL and ABTA protected we would also require a letter from ATOL confirming why you would not be refunded under this scheme'*
- It looks like Mrs H acted on this demand and put a claim through the relevant bonding authority.
- While it's not unreasonable to ask Mrs H to mitigate her losses when appropriate, it was unreasonable for Tesco to ask her to go to the bonding authority before it would look at her claim. While a bonding authority can sometimes assist with disputes over refunds, its main function is to assist when a travel provider has gone out of business. And that hadn't happened here.
- Whether it was right or wrong for Tesco to subsequently insist that Mrs H provide evidence her claim with the bonding authority had been unsuccessful, this was a situation of its own making which could have been avoided if Tesco had considered her claim without placing unnecessary demands upon her first.
- Mrs H said having to claim via the bonding authority was inconvenient and it was frustrating for her that this delayed the consideration of her claim by Tesco.
- Tesco should pay Mrs H compensation of £50 to reflect this

### **My final decision**

My final decision is that I uphold Mrs H's complaint. To put things right Tesco Personal Finance PLC must pay Mrs H compensation of £50 for the distress and inconvenience it caused her. It should also pay her the £50 it offered her before her complaint was referred to this service if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 19 July 2022.

Michael Ball  
**Ombudsman**