

The complaint

Mr B complains that Tesco Personal Finance PLC trading as Tesco Bank, won't refund a payment made on his credit card to a car hire company.

What happened

In January 2023 Mr B used his Tesco credit card to pay just under £70 to a hire company in relation to a hire car after a no-fault incident. Mr B says he believed that amount would be eventually charged to the at-fault driver. However he had to bear that cost. He complained to his insurer who offered him a hundred pounds for the service it had provided.

Mr B felt he shouldn't bear the cost of the payment of just under £70 so he took his dispute to Tesco. It raised a chargeback and the car hire company said Mr B paid almost £70 in relation to the car hire, that it was entitled to charge Mr B this under the contract it had agreed with him and he'd authorised the transaction. So Tesco, having credited him £70 whilst it looked into the matter re-debited the amount. So he brought his complaint to this service.

Our investigator felt that Tesco had treated Mr B fairly in relation to the chargeback and that Mr B's claim didn't meet the prerequisites of Section 75 of the Consumer Credit Act 1974. Since this assessment by our Investigator Mr B has told this service that his insurer has refunded the disputed amount of just under £70.

Mr B didn't agree with our Investigator's assessment. So 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.

Mr B has made many arguments on this matter. I've considered them all. But I'll only address the key issues here as I see them.

I should make very clear that this decision is not about the insurer, the at fault driver or any other party other than Tesco. Tesco has obligations to treat Mr B fairly with regard to Chargeback and Section 75. Mr B accepts he made the transaction with the car hire company 'expecting it to be charged by the car hire company to the at fault driver'. So its clear Mr B accepts he made the transaction. And I've seen the invoice for it and the transaction on the bank records.

could Tesco challenge the transaction through a chargeback?

In certain circumstances, when a cardholder has a dispute about a transaction, as Mr B does here, Tesco (as the card issuer) can attempt to go through a chargeback process. I don't think Tesco could've challenged the payment on the basis Mr B didn't properly authorise the transaction, given the conclusion on this issue that I've already set out.

Here Tesco did raise a chargeback and the car hire company responded. The test here is did Tesco fairly consider the car hire company's response when considering whether to continue with the chargeback. It considered the car hire company's evidence and didn't take the chargeback further. I've considered the invoice and other evidence provided and when considered in light of Mr B's own comments on the matter, I'm satisfied Tesco treated Mr B fairly. I say this because it's clear he had to pay that amount under the contract and did so. So I think Tesco treated Mr B fairly.

Mr B points to being told the car hire company had forty-five days to respond and challenges whether it responded in this timeframe. But I don't think this makes a difference because it's clear he had to pay what he did under the contract and there was no persuasive reason for him to keep that money anyway. And in any event I'm satisfied the chargeback time limit was met. And even if Tesco's explanation of the time limit to Mr B could have been better this doesn't mean Tesco should refund that amount or that it had treated unfairly. And in any event it transpires that another company has decided to bear that cost. So irrespective of what happened here Mr B hasn't suffered a financial loss here. So I see no persuasive reason for Tesco to do more.

Section 75

There are some requirements set out in the Consumer Credit Act 1974 (CCA) which have to be met before deciding whether there was a breach of contract or misrepresentation by the car hire company that Tesco could be held liable for. The CCA requires the single cash price item be over £100 and less than £30,000. This transaction was less than £70. So I'm satisfied that Tesco couldn't be held responsible here for a 'like claim' to that against the car hire company under section 75 of the Consumer Credit Act 1974. So it has nothing further to do here under this legislation in this case.

Other matters

For the sake of completeness I'll deal with one of Mr B's other arguments. Mr B *"says If Tesco Bank don't communicate correctly then they need to accept the loss."* I don't agree. The disputed amount doesn't flow causally from Tesco's letter to Mr B. He always was liable for that amount and thus Tesco treated him fairly by charging it to his account. And in any event he's confirmed another party has covered that amount. So I see no persuasive reason for Tesco to do anymore.

Mr B has also said it should be considered *"whether Tesco Bank is fit and proper to conduct further regulated business not just swept under the carpet"*. I'm satisfied Tesco treated Mr B fairly. I'm not persuaded any further action is required here bearing in mind that it is fair that Mr B should carry the cost of this disputed transaction and in any event another party has decided to cover that amount. Tesco has treated Mr B fairly and the evidence of this is significant, substantial, and persuasive.

In summary I think Tesco made a fair decision in not pursuing the chargeback any further. And I don't think it could be held responsible under S75 either. So I don't think I can fairly require Tesco to do more. So this complaint is unsuccessful.

I do appreciate that this isn't the decision Mr B wants to read as he is clearly invested in this matter. But I don't think Tesco treated him unfairly.

My final decision

For the reasons set out above, I do not uphold the complaint against that Tesco Personal Finance PLC trading as Tesco Bank.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 October 2023.

Rod Glyn-Thomas
Ombudsman