

The complaint

Mr W has told us that he renewed his driving licence online, but inadvertently used the website of a company (the company) which charged him a fee he now believes he needn't have paid.

Mr W used a credit card he held through Clydesdale Bank Plc, trading as Virgin Money (Virgin Money), to pay the fee. He wants Virgin Money to refund the fee to him.

What happened

The events and context which led to this complaint are well established.

Consumers can renew driving licences direct with the Driver and Vehicle Licensing Agency (DVLA), which is the government body that issues licences. But the company provides a service whereby consumers can apply to renew licences on its website and it then sends their details onto the DVLA. It charges consumers a fee for this service, in addition to the cost of renewing the licence itself.

Mr W used the company's website in error, he thought he had gone direct to the DVLA. He has described the company's service as a "*scam*" and "*pure theft*". He thinks that Virgin Money should refund the company's fee to him.

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.

Firstly, I would like to point out that this decision only covers the way in which Virgin Money responded to Mr W's request to refund the company's fee. Mr W made many remarks about the company itself, but except where they are also relevant to Virgin Money, I can't comment on these remarks.

The crux of Mr W's complaint is that he thinks the company was "*fraudulent*" and that Virgin Money "*did nothing to protect (him) or recover (his) money*" from its fraudulent actions.

I certainly expect financial firms, such as Virgin Money, to try to protect consumers from fraud. For example, if a consumer tries to make an unusual payment online, then I would expect a financial firm to contact the consumer to check if it should go ahead with the payment. Similarly, if a fraud comes to light, I expect financial firms to make reasonable attempts to recover the money the consumer has lost.

In Mr W's case, there was nothing particularly unusual about the payment he made to the company. It was for a relatively modest amount, less than £100, and I can see no reason why Virgin Money should have undertaken any fraud-related checks before going ahead with it.

After Virgin Money investigated Mr W's complaint, it pointed out that the company had sent Mr W's details on to the DVLA and so it "*couldn't progress the claim*" because the company

had delivered the service for which Mr W had paid. I understand that because of this, it didn't make any attempt to recover the fee Mr W had paid to the company. Although I accept Mr W now believes he was "*scammed*" by the company as he could have gone direct to the DVLA, I also accept Virgin Money's explanation for not trying to recover his money.

In correspondence with Mr W, Virgin Money also said that it had "*reviewed (his) case under Section 75 but couldn't progress (his) claim that way eitherbecause there had been no breach of contract*". This was a reference to Section 75 of the Consumer Credit Act. In certain circumstances, this Act allows consumers to make complaints about goods and services they bought on credit to the company that provided the credit, as well as to the one that provided the goods or services.

I don't think that Mr W actually raised Section 75 with Virgin Money. Virgin Money seems to have brought it into play itself. However, for Mr W's benefit, I would like to point out that although Section 75 is relevant to many situations, it only applies if the cash price of the goods or service was more than £100 and less than £30,000. As the total payment Mr W made to the company was less than £100, I have not considered Section 75 any further.

During our investigation of Mr W's complaint, he has told us several times that he did not know that the company would charge him its fee in addition to the DVLA's own charge for renewing his licence. He has said that he was not aware of the total cost until he received his credit-card statement. He has added that the company has since changed its website.

As well as Section 75 protection, there is another scheme, known as "*chargeback*" which in certain circumstances could have allowed Virgin Money to try to claim Mr W's money back from the company. Unlike Section 75, chargeback can be applied to transactions where the value was less than £100. It can be used in situations where the transaction was for the wrong amount and in several other circumstances. As far as I am aware, Virgin Money didn't attempt to use the chargeback process for Mr W, so I have considered if any such attempt may have succeeded if it had tried.

On balance, I think it's unlikely that a chargeback claim would have worked for two main reasons. Firstly, I do not know exactly what information the company put on its website at the time. It's possible the site displayed the full price and Mr W just didn't see it. Secondly, I also think it's highly likely that Mr W would have used Virgin Money's authorisation screens to confirm the payment and that these would probably have shown the total amount. Also, as Mr W has said he didn't know what the charge was at the time he authorised the transaction, Virgin Money may have found it difficult to show that the fee was wrong under the terms of the scheme.

So, in summary, I do not think Virgin Money did anything wrong when it went ahead with Mr W's payment to the company. Nor do I think it was under any obligation to try to recover the company's fee for him on grounds of possible fraud. And I'm satisfied that the payment Mr W made was too small for me to consider his case under Section 75 of the Consumer Credit Act and that it's unlikely that any claim under the chargeback scheme would have succeeded.

My final decision

For the reasons I have set out above, I am not upholding Mr W's complaint about Clydesdale Bank Plc, trading as Virgin Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 11 July 2023.

Steve Townsley

Ombudsman