

## **The complaint**

Miss M complains Clydesdale Bank Plc trading as Virgin Money didn't do enough to help get a refund for a transaction made on her debit card.

## **What happened**

The background to this complaint is well known to all parties, so I won't repeat it at length here. As a summary, Miss M booked a holiday in May 2024, through an online travel agent, paying in instalments via her Virgin Money debit card.

Before Miss M was due to start her trip, the travel agent emailed her to say it was rebooking her hotel as the supplier that had originally placed the booking had filed for insolvency. Having heard nothing further, Miss M held back her final payment. As this payment wasn't made, her reservation was cancelled with no refund being issued.

Miss M contacted Virgin Money for help in getting a refund. Virgin Money considered whether it could raise a chargeback, which is a process of asking the merchant for a refund via the card scheme rules – Mastercard. However, in considering the circumstances of Miss M's dispute, Virgin Money said there wasn't a route through which it could challenge the transaction, so declined to raise a chargeback.

Unhappy, Miss M complained. Virgin Money doesn't agree it's done anything wrong. It says as the payment was to the booking website and not directly to the supplier of the hotel, as the booking website had done what was expected. It also said as Miss M hadn't made the final payment this was against the terms, so there wasn't a route to raise a chargeback.

Miss M then referred her concerns to our service. One of our Investigators looked into what happened and didn't think Virgin Money had treated Miss M unfairly. He said there wasn't a route through which Virgin Money could have successfully raised a chargeback.

Miss M disagreed, saying the travel agent hadn't confirmed her replacement accommodation in time and it was reasonable for her to hold off making the final payment until this was confirmed. The complaint has therefore 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.

Miss M paid with her debit card. This meant the only realistic option available to Virgin Money to get the money back was to engage with a process known as chargeback.

The chargeback process provides a way for Virgin Money to ask for a payment its customer made to be refunded. Where applicable, it raises a dispute with the merchant and effectively asks for the payment to be returned to the customer. There are grounds or dispute conditions set by the relevant card scheme (Mastercard) and if these are not met, a chargeback is unlikely to succeed. The process provides an opportunity for a merchant to

provide a defence to the chargeback and its own evidence in support of that defence. If the merchant continues to defend the chargeback, Virgin Money can either accept that defence, if it believes it's valid, or, it can ask the card scheme to decide who gets to keep the money – usually referred to as arbitration.

It isn't a right that Virgin Money must raise a chargeback every time it's asked to. But where the evidence supports the customers position and the dispute falls within the rules set by the card scheme, I'd expect it to do this, to support its customer. So, my decision focuses on whether it was reasonable for Virgin Money to decline to raise a chargeback on Miss M's behalf.

While I understand Miss M withheld the final instalment due to concerns about her booking, the terms and conditions of the travel agent, set out that any missed payment may result in a booking being cancelled. This is what happened to Miss M's reservation when the payment wasn't made with no refund being issued.

So as the travel agent had confirmed cancellation of the reservation, following non-payment of a contractual instalment, I don't think Virgin Money acted unfairly in declining to raise a chargeback. This is because the nature of Miss M's dispute doesn't fall within any of the reason codes within the chargeback scheme, through which Virgin Money could ask for a refund.

I appreciate Miss M didn't make the payment as she had concerns about what was happening with her booking; and had been liaising with the travel agent during this period. Miss M has also referenced other parts of the terms and conditions. I've taken these points on board, however, in this complaint I'm only able to comment on whether Virgin Money fairly assessed Miss M's request for help in getting a refund, and I think it did. I say this, because the circumstances of Miss M's dispute about her booking didn't fall within any of the reason codes through which Virgin Money could request a refund.

So, while I appreciate this answer may come as a disappointment to Miss M, I don't think Virgin Money treated her unfairly in deciding not to raise a chargeback for the reasons explained above.

### **My final decision**

For the reasons I've set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 17 April 2025.

Christopher Convery  
**Ombudsman**