

The complaint

Mr K is unhappy with how Clydesdale Bank Plc trading as Virgin Money ('Virgin'), handled requests for two credit card transactions to be refunded.

What happened

In April 2024 Mr K booked bus tickets, from a company I'll call 'Q', on his Virgin credit card for a total of £230.20. He says the first part of the journey was completed, but when he was due to transfer to a second bus he was told by a driver it was delayed by two and a half hours and would potentially be cancelled. So, Mr K says he returned home. He disputed the transaction with Virgin and asked for a refund.

In May 2024 Mr K says he purchased a bag from an online marketplace I'll refer to as 'D'. He paid £2,578.69 on his Virgin credit card. Unfortunately, Mr K says the bag didn't arrive and it wasn't sent via 'special delivery' as it should've been. He contacted Virgin and said he also wanted to dispute this transaction.

Virgin wrote to Mr K in June 2024. It explained it had raised a claim under the chargeback scheme that had been defended by Q. It said Q explained no reports or any issues had been noted with the trip and the bus operated as usual. So, Virgin declined the claim. It said it had also reviewed the dispute under Section 75 of the Consumer Credit Act 1974 ('S75'), but had seen no evidence of a breach of contract.

Virgin then wrote to Mr K in July 2024. It said it had also raised a chargeback dispute about the bag and said D had responded. Virgin said it needed more information from Mr K to continue with the claim. It asked Mr K to review D's response and comment on it. And it asked him to provide a 'purchase order' showing a request was made for the bag to be sent via special delivery.

Mr K wrote back and said he could no longer access his account with D so he couldn't provide anything further, but asked Virgin to continue with the dispute.

Virgin then wrote to Mr K and explained the claim was declined. It said D had confirmed the bag was received. It also said it couldn't raise the dispute under S75 as D was acting as an agent for the supplier – so it said there wasn't a valid debtor-creditor-supplier ('DCS') agreement in place.

Virgin later explained to Mr K that D's payment process meant the funds would not have been released to the seller unless Mr K had confirmed receipt of the goods.

Mr K remained unhappy and raised a complaint about both disputes. Virgin sent Mr K its final response in October 2024. This said it still thought it was right to decline both claims.

Mr K then referred the complaint to our service.

Our investigator issued an opinion and didn't uphold the complaint. In summary, she said she thought Virgin had acted fairly when it didn't pursue the chargeback claims further when

they were defended. And she said she didn't think there was any evidence of a breach of contract or misrepresentation, so she thought neither claim should be upheld under S75.

Mr K remained unhappy. He said, in summary, that there was no conclusive evidence provided to prove he had received the bag he paid for. He said just because the bus had left with other passengers on board didn't show he was able to board it. He said he acted in good faith on what a driver told him. And he questioned why he would pay to return home if the bus was running. Mr K said Q should show evidence that he was able to board the bus.

Our investigator explained this didn't change her opinion. 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.

Having done so, I do not think this complaint should be upheld. I'll explain why.

I'd like to start by explaining to both parties that I may not comment on every point raised or every piece of evidence. Instead, I'll focus on what I think are the key facts of Mr K's complaint, which reflects the informal nature of our service.

Mr K complains about claims made under the chargeback scheme. A card issuer can attempt a chargeback under certain circumstances when a consumer has a dispute with a merchant – for example when goods or services aren't provided.

It isn't a legal right and it's not guaranteed any funds will be recovered. But I'd generally consider it good practice for a card issuer to raise a dispute if there is a reasonable chance of it being successful. The chargeback process is subject to the rules of the scheme and strict criteria apply. It's worth pointing out here that these are not set by Virgin.

S75 is also relevant to this complaint. This explains, under certain circumstances, that the borrower under a credit agreement has an equal right to claim against the credit provider, Virgin here, if there's either a breach of contract or misrepresentation by the supplier of goods or services.

Mr K raised two disputes, so I will consider these in turn.

Bus tickets:

When Mr K made Virgin aware of the issues around the bus tickets, it raised a chargeback claim.

I've seen a copy of the information Q sent over when it defended the claim. Q explained the e-ticket Mr K purchased was successfully provided to him and sent evidence it said showed this. It also provided documents it said showed reserved seats were available for Mr K, that he 'checked in' for the journey, that other passengers boarded the bus in question and that the bus completed the journey.

At this point, Virgin needed to decide if it should continue to dispute the claim and ask for the scheme operator to arbitrate, or if it should decline the claim.

I've thought very carefully about what Mr K says here. I want to reassure him that I've carefully considered his version of events.

But, given the robust defence by Q, I don't think the chargeback claim had any reasonable chance of success if it continued. It follows that I don't think Virgin did anything wrong when it declined the claim.

Virgin explained it had considered this dispute under S75. But, I think there is a possibility this transaction didn't meet the requirements for a valid S75 claim.

For a valid transaction, Mr K needed to have purchased a 'single item' with a cash price of over £100 but no more than £30,000. But, I haven't seen a breakdown of the ticket costs.

A valid DCS agreement also needed to be in place. And it appears some of the tickets may have been purchased for a third party. I don't have an explanation of what the situation was here.

But, that being said, I don't think I need to make a finding on this issue to reach a reasonable outcome. I say this because I'm satisfied that in any event, Mr K has not shown a breach of contract or misrepresentation has taken place. So it follows that Virgin doesn't need to take any further action.

Bag purchase:

When Mr K made it aware of the disputed transaction, Virgin again raised a chargeback claim.

I've seen a copy of the information D provided when it defended the dispute. This explained the item was delivered. D provided screenshots that it said showed this. And it showed notes from its system that stated:

"When the item was delivered, the buyer marked it received and released the payment to the seller by confirming that everything was ok with the order: the status of transaction was updated to DELIVERED and then to COMPLETED"

Having thought about this, I don't think the dispute would've had any reasonable chance of success at arbitration, given the lack of evidence from Mr K and the defence provided by D. So, it follows I don't think Virgin did anything wrong when it declined the claim.

Virgin said it didn't consider this under S75, as it didn't think a valid DCS agreement was in place. Given the nature of Mr K's dispute, I'm not convinced this was correct. But in any event, I'm satisfied there is no evidence that a breach of contract or misrepresentation took place. So, it follows I don't think Virgin needs to take any action here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 26 May 2025.

John Bower
Ombudsman