

The complaint

Ms O complains Vanquis Bank Limited didn't do enough to help get a refund for a purchase made on her credit card.

What happened

In August 2023, Ms O bought a blazer and trousers from an online retailer paying with her Vanquis credit card.

When the clothes arrived, Ms O says both the blazer and trousers were damaged, so contacted the retailer for a refund. The retailer said Ms O didn't raise her concerns in time, so it wasn't able to help.

Ms O therefore contacted Vanquis for help in getting a refund, saying she'd contacted the retailer within 14 days of the items arriving. Ms O says she initially asked to raise a chargeback, which is a process of asking the merchant (the online retailer) for a refund, via the card scheme provider – VISA. Ms O says Vanquis failed to raise a chargeback, so she then asked Vanquis to consider a claim under Section 75 of the Consumer Credit Act 1974, "Section 75", which makes a lender jointly liable in certain circumstances, if there's a problem.

Vanquis didn't agree it was liable under Section 75, as it said the cost of the blazer and trousers didn't meet the financial limits, so didn't agree to offer a refund.

Unhappy Ms O complained. Vanquis maintained it had fairly considered her Section 75 claim, but acknowledged the service it provided could have been better and offered £50 to apologise for this.

Consequently, Ms O referred her concerns to our service. In reviewing the complaint, I recently set out my provisional findings, which I've included below:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As Ms O bought the clothes on her credit card, there are two options through which Vanquis may have been able, or obligated to provide a refund, be that through a chargeback or a claim under Section 75. I've therefore considered below whether I think Vanquis acted fairly in both processes.

Chargeback

A chargeback is a method in which Vanquis can ask a merchant (the online retailer) for a refund via the card scheme; Mastercard. There are strict rules set by the card scheme including timescales to raise a chargeback. One of these is that a dispute about the quality of goods must be raised within 120 days of ordering or receiving the goods.

Ms O says she contacted Vanquis numerous times after receiving the goods to raise a chargeback. Ms O says Vanquis acknowledged her request, but this was never actioned. While I appreciate it would be disappointing for a request not to be processed, having reviewed the evidence available, I haven't seen enough to say Ms O did raise a chargeback in time or that Vanquis had acknowledged this.

As a result, I don't have enough evidence to say Vanquis made an error in not raising a chargeback, as I haven't been persuaded it received a chargeback claim or that it then failed to action it.

Section 75

In deciding what I think is fair and reasonable, I need to have regard to, amongst other things to any relevant law. In this case, the relevant law is Section 75, which says that, in certain circumstances, if Ms O paid for goods or services, in part or whole on her Vanquis credit card, and there was a breach of contract or misrepresentation by the merchant, Vanquis can be held responsible.

For Ms O to have a valid Section 75 claim, it must meet a certain requirements, with one of these being that the purchase value of the goods must be more than £100 and not exceed £30,000.

Ms O paid the following for the blazer and trousers:

- Blazer - £101
- Trousers - £63
- Taxes - £36.73
- Duties - £19.68

Apportioning the tax and duties proportionally, the cost of the blazer was £134.45 and the trousers £85.96. So, on this basis, while the trousers fall below the £100 threshold, the blazer meets this requirement for a Section 75 claim to be considered.

I've also thought about whether the blazer and trousers could be considered as a set, to combine the costs of the items. While the items are matching, it was possible to buy and wear each item separately. So, I don't find they can be considered a set, to combine the purchase prices.

As a result, while I don't think Vanquis was wrong to say Ms O's claim for the trousers fell below the monetary requirements of a Section 75 claim, it incorrectly said the blazer fell below the monetary threshold and unfairly declined the claim for this item on this basis.

What would have happened had Vanquis correctly considered a claim for the blazer?

As I've found Vanquis was wrong to decline Ms O's Section 75 claim for the blazer based on its cost, I've gone on to consider what would have happened had it considered the claim further.

Ms O's claim relates to the blazer being damaged, so an alleged breach of contract. In considering what might constitute a breach of contract I need to give consideration to the relevant laws, such as the Consumer Rights Act 2015. This says that goods should be of a 'satisfactory quality', if they aren't, it's possible this could be considered a breach of contract.

Ms O has been consistent in what she's told the online retailer, Vanquis and our service, that when she received the blazer it was damaged on arrival. This is supported by emails to the merchant shortly after it was received and a photo showing a tear in the fabric of the blazer.

On this basis, I think it's reasonable to conclude that the blazer wasn't of satisfactory quality. The online retailer said Ms O raised her concerns about the blazer outside its return policy for damaged items, however I've been provided an email in which Ms O did raise her concerns within the terms set by the online retailer, however it then failed to address the concerns raised by Ms O.

As a result, as I'm satisfied Ms O received goods that weren't of a satisfactory quality and the online retailer didn't do what it said it would or was required to in the circumstances, this would be considered a breach of contract. As Vanquis is jointly liable for this breach, I think it then needs to take steps to resolve this issue.

Ms O has asked for a refund of the blazer, which I consider to be a fair remedy, as the material of the blazer means it's unlikely it can be repaired, and I don't think it's possible to provide a replacement. Therefore, I think it's fair that Vanquis compensates Ms O £134.45 being the cost of the blazer, which includes the applicable taxes.

In line with our service's approach to compensation, I think it's also appropriate Vanquis pays interest to acknowledge the time Ms O has been without these funds. My current thoughts are that Vanquis should pay interest at 8% from the date it declined Ms O's Section 75 claim to the date of settlement. However, if Ms O has evidence she's incurred a higher level of interest in paying for the blazer, such as interest incurred on her credit card, I'll consider any further evidence that's submitted.

Customer Service

I've also considered the service Ms O received since raising her dispute with Vanquis. I acknowledge that it's been sometime since Ms O first made Vanquis aware of the problem with her purchase. Had Vanquis correctly assessed the dispute, it's likely this could have been resolved sooner, and it's clear from Ms O's correspondence this has been a point of concern. Vanquis offered £50 to apologise for any errors in its handling of the dispute, however I think a fairer amount would be £100 to recognise any inconvenience caused.

Conclusion

In conclusion, I think Vanquis could have done more to help when Ms O. While I haven't seen enough to say a chargeback was raised in time, I do think Vanquis made an error in its assessment of Ms O's Section 75 claim. For the reasons set out above, I think the blazer meets the criteria to make a valid Section 75 claim and as Vanquis is jointly liable it should now refund Ms O the value of this. Alongside this, I think the service Vanquis provided caused Ms O inconvenience and concern, so it should pay £100 compensation to recognise this.

Responses to my provisional decision

Vanquis confirmed it accepted my provisional findings and was happy to settle the complaint in the way I'd set out.

We didn't receive any further comment from Ms O.

The complaint has therefore been passed back to me, so I can make my final decision.

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.

Seeing as neither party has disagreed with in my provisional decision, I see no reason to depart from the conclusions I reached.

Therefore, as set out above, I uphold this complaint. While I think Vanquis was reasonable in not raising a chargeback, and concluding it wasn't liable for problems with the trousers, I think it should have considered a claim for the blazer further. Had Vanquis considered a claim for the blazer further, I think it would have concluded it was jointly liable, as it wasn't of satisfactory quality.

As a result, Vanquis should compensate Ms O the cost of the blazer, paying 8% interest on this amount to recognise the time she was without the funds. Alongside this, Vanquis should pay Ms O £100 compensation to recognise the inconvenience and distress she's incurred through trying to resolve the issue.

My final decision

For the reasons set out above, I uphold this complaint. To resolve this complaint, I direct Vanquis Bank Limited to pay Ms O the following:

- £134.45, being the cost of the blazer;
- 8% on interest on this amount from the date it first declined Ms O's Section 75
- claim, until the date of settlement; and
- £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms O to accept or reject my decision before 18 July 2025.

Christopher Convery
Ombudsman