

The complaint

Mr F complains that Clydesdale Bank Plc trading as Virgin Money ("Virgin") failed to deal with his dispute concerning a car properly.

What happened

In March 2024 Mr F bought a car costing £10,995 from a dealer ("the merchant"). He paid for part of the cost using his Virgin credit card. The car was some five years old and had a recorded mileage of 58,349.

Our investigator has set out the details of events in her initial view and I won't repeat these in the same detail here. In brief, a warning light came on a day after the car had been collected and Mr F contacted the merchant. He took the car back to the merchant and it said parts needed to be ordered to repair the problem. It seems that there was an issue with a sensor. When he collected the car he noticed the key had been damaged. The car was taken back again and the sensor was cleaned, but this didn't rectify the problem. There followed a series of exchanges between the merchant and Mr F and in late April the merchant confirmed the car had been booked in to have the sensor replaced and the wiring checked.

However, the merchant became aware of posts Mr F had made on social media and it asked that he delete these. The matter was passed to their solicitors and the relationship broke down. The car was not taken back to the dealer which did not accept Mr F's rejection of it.

Mr F then contacted Virgin to ask it to recover his money. It made a chargeback which was defended by the merchant. It made a second attempt, but this did not succeed. It also considered section 75 Consumer Credit Act 1975 ("s.75"), but concluded there was no evidence of misrepresentation or a breach of contract. It said Mr F's attempt to reject the car failed due to it being made too late.

Virgin rejected Mr F's complaint and so he brought the matter to this service. He took the car to another garage and the fault was fixed at a cost of £186. The invoice for this repair shows that Mr F had driven the car for 5,184 miles from the date of purchase.

Initially our investigator concluded that Mr F's rejection fell outside the 30-day time limit set out in consumer law. However, Mr F provided further details and she agreed that it fell within the time limit. That said, she considered a fair and reasonable outcome would be for Virgin to pay for the repair and the cost of a replacement key. Mr F didn't agree and said his legal right was to reject the car.

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.

I have considered the arguments and evidence and I find myself in agreement with our investigator. I will explain why.

There were two routes open to Mr F to obtain a refund: a chargeback or a claim under s.75.

Chargeback is a voluntary scheme run by the card scheme operator to process settlement disputes between the card issuer (such as Virgin) – on behalf of the cardholder (Mr F) – and the merchant (here it's the merchant Mr F made the payment to). It is not a legal right that the cardholder has.

The scheme operator sets the chargeback rules and time limits for transactions made using the card scheme. And it is scheme operator that decides whether a chargeback is successful – the card issuer simply makes a request on the cardholder's behalf. If the card issuer knows it is out of time, or is unlikely to succeed, I wouldn't necessarily expect it to raise a chargeback.

Virgin raised a chargeback and this was defended by the merchant and it made a second attempt, but to no avail. I consider the bank did as it should in regard to the chargeback option.

The second route was a claim under s.75. This legislation offers protection to customers who use certain types of credit to make purchases of goods or services. Under s. 75 the consumer has an equal right to claim against the provider of the credit or the retailer providing the goods or services, if there has been a misrepresentation or breach of contract on the supplier's part. For s. 75 to apply, the law effectively says that there has to be a

: • Debtor-creditor-supplier agreement and

- A clear breach of contract or misrepresentation by the supplier in the chain.

Our role isn't to say if there has been a breach of contract or a misrepresentation for a valid claim under s. 75 but to consider if Virgin has come to a fair outcome based on the evidence provided. I am satisfied the required agreement is in place and so I must consider if there has been a breach of contract or misrepresentation.

It is regrettable that the relationship between Mr F and the merchant broke down, especially as the issue turned out to be a relatively minor one. The car had a fault and Mr F took it back to the garage to repair. It sought to do so, but the issue remained unresolved and so it was agreed the car would be returned for the matter to be explored. That did not happen and Mr F continued to use the car and subsequently he had a minor repair carried out which dealt with the problem.

I appreciate Mr F tried to reject the car, but this was not accepted by the dealer following the relationship breakdown. Virgin believed the rejection had been made out of time, but Mr F has subsequently shown that this was not the case and I agree that rejection was a valid option. However, I have to determine what is a fair and reasonable outcome and to do so I must take into account what has happened since the purchase of the car. I cannot simply ignore events subsequent to the attempted rejection.

Mr F has continued to use the car which is not something one would expect where a person wished to reject an item. I appreciate he may not have had access to another vehicle and his needs may have been such that he continued to drive the car despite wanting to reject it. But he did continue to use it. Furthermore, had the relationship not broken down it seems more than likely that the car would have been taken back to the dealer and it would have been repaired at no cost to Mr F. So I consider the most pragmatic and fair outcome is that Mr F should end up with what would most likely have happened had the relationship not broken down, i.e. a car which has been repaired and which has been available to use and presumably he continues to use.

I do not consider that rejection is the best option in the circumstances. I appreciate Mr F has said this is what he wants and it may have been a reasonable outcome at one point in time, but I am not so persuaded with evidence and arguments now before me.

Bearing in mind all that has happened it seems only reasonable to me that Mr F keep the car and the repairs be paid for by Virgin.

Putting things right

Virgin Money should:

- Replace the damaged key for Mr F or cover the cost of replacement.
- Refund £186 plus 8% simple interest from the day this amount was paid to the garage to the day Virgin Money refunds the money.

My final decision

My final decision is that I uphold this complaint and direct Clydesdale Bank Plc trading as Virgin Money to pay Mr F redress as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 20 October 2025.

Ivor Graham
Ombudsman