

The complaint

Miss G complains that Clydesdale Bank Plc trading as Virgin Money ("Virgin") rejected her claim under section 75 Consumer Credit Act 1974 ("s.75").

What happened

In May 2023 Miss G purchased a used car from a dealer at a cost of £28,500. She paid a deposit of £500 using her Virgin credit card and the balance was by bank transfer and part exchange of her previous car. The car was almost new and had covered 6,850 miles

She encountered a number of problems with the car and it was returned to the dealer for repairs on several occasions within the first six months. By December 2023 the car wasn't charging the DC battery properly meaning it could not be driven for any distance as Miss G had to jump start it. It also had multiple warning lights appearing on the dashboard.

After being unable to reach a satisfactory outcome with the dealer Miss G contacted Virgin in March 2024. She says that her claim was passed to a handler in October and then she was asked for an independent report. Virgin also suggested she contact the Motor Ombudsman.

Miss G arranged for an independent inspection of the car which was carried out in December 2024. The assessor confirmed the car had a number of faults and identified 12 fault codes on a diagnostic check. He concluded the car should be returned to the dealer for the faults to be rectified "as these would have been present or in development at the point of sale".

The Motor Ombudsman issued its view in March 2025 and concluded the dealer had not acted unreasonably when it declined to take the car back. However, he did uphold the complaint in part in that he considered there were several issues which the dealer had rectified. I gather he did not have the benefit of the independent report.

Virgin rejected Miss G's s.75 claim and she complained. In response Virgin said it accepted there had been delays and incorrect terminology had been used. It did not agree that her claim should succeed, but it offered her £350 compensation.

Miss G brought a complaint to this service where it was considered by one of our investigators who recommend it be upheld. She considered the issues were such that the car should be taken by Virgin and Miss G compensated.

Virgin said it didn't have the ability to take the car back and said in the circumstances it would be better if Miss G sold the car. Miss G agreed to do this. That said, Virgin didn't agree with our investigator's view. It said the report was carried out 19 months after the purchase and the Motor Ombudsman hadn't supported her claim.

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.

In certain circumstances, s. 75 gives a consumer a right to claim against a supplier of goods or the provider of credit if there's been a breach of contract or a misrepresentation. In order to uphold Miss G's complaint, I would need to be satisfied that there's been a breach of contract, and that Virgin's response to the claim under s. 75 wasn't fair and reasonable. The relevant law says that goods must be of satisfactory quality when supplied.

A car is of satisfactory quality if it is of a standard that a reasonable person would regard as acceptable, taking into account factors such as the age and mileage of the car and the price paid. The quality of goods includes their general state and condition, as well as other things including fitness for purpose, appearance and finish, freedom from minor defects, safety and durability.

The car was almost new and so one would expect it not to have had the number of issues which it suffered. I think it would have been reasonable for Miss G to have enjoyed trouble free motoring for at least two or more years. However, she had to take it back to the dealer a number of times within the first six months. Subsequently she was left with a car that had to be jump started each time she wished to use it and I gather she has not been able to use it for many months. I consider the lack of durability to be the key issue. Quite simply, the car should have operated without issue for more than six months.

I can see that the dealer did carry out some repairs, but under consumer law it had one opportunity to make good the car and this it failed to do. And while I note it has been suggested that the dealer carry out further repairs I do not think that would be fair to Miss G.

Virgin asked for an independent report and while I note that report did not say the car should be returned it is clear that it had more issues than one would expect with a nearly new car. I can appreciate it relied on the view of the Motor Ombudsman, but I believe he did not have the benefit of the report and I think it reasonable to conclude having read that report the car was not of an acceptable quality.

So while I have some sympathy with the approach taken by Virgin I do not consider it reached the right conclusion in dealing with Miss G's claim.

Putting things right

As our investigator has explained there isn't an exact formula for working out what fair usage ought to be. I have reviewed her proposal and I think it is a reasonable means of addressing the complaint.

She used the loan Miss G had taken out to purchase the car as a proxy means of establishing what is fair and reasonable, and I think using the loan Miss G used to purchase the car gives a fair result.

Miss G took out a loan at 4.8% APR, so £19,000 over 4 years at this rate is £437.47 times 20 months is £8709.40. I think this is a fair amount to deduct as fair usage.

Our investigator proposed that Virgin collect the car, but it rejected this idea and Miss G said she was willing to sell the car as a means of resolving the problem. Virgin should pay her the full purchase price less the sum she receives for the sale of the car and less £ 8709.40 for her use of the car.

There have been delays by Virgin and this matter should have been settled earlier and so it should pay Miss G interest at 8% simple on the sum payable from January 2025 when the independent report was made until the date of settlement.

Virgin should also pay for the cost of the independent report and pay compensation of £400 for the distress and inconvenience she has suffered.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 12 August 2025.

Ivor Graham
Ombudsman