

## **The complaint**

Mrs P has complained that Clydesdale Bank Plc trading as Virgin Money “Virgin Money” rejected her claim against it under Section 75 of the Consumer Credit Act 1974.

The complaint is about a car that Mrs A P paid for using her credit card, but it was bought in her daughter Ms K P’s name. To keep things simple, I’ll refer to Mrs A P as Mrs P and Ms K P as Ms P.

Mrs P is also being represented by her husband Mr P, but I’ll mainly refer to Mrs P throughout the decision as she is the complainant.

## **What happened**

Mrs P used her credit card with Virgin Money to pay £5,490 for a car from a supplier I’ll refer to as S. She made two payments of £250 and £5,240 on the 9 and 13 March 2024 respectively. Mrs P said she bought the car for her daughter.

The car broke down in October 2024. A repair costing around £865 was carried out and another estimate for further remedial works was obtained and this amounted to approximately £3,144. I understand this work hasn’t since been carried out.

Mrs P believed the faults were present during the sale so at this time she tried to contact S to ask it to carry out the remedial works. S did not help, and I understand it has since become insolvent.

Unable to rectify matters directly with S, Mrs P then raised a claim under section 75 of the Consumer Credit Act 1974 (s.75) against Virgin Money for breach of contract as she felt the car sold was defective. Virgin Money declined the claim, it says there was no valid “debtor – creditor – supplier” (DCS) agreement as the car was bought for the benefit of Mrs P’s daughter (who lived at a different address) and Mrs P didn’t get any benefit from it.

Unhappy, Mrs P referred the complaint to our service. She felt there was a valid DCS agreement as she bought the car for her daughter to help take care of Mr P who had undergone several surgeries in the preceding few months. This enabled Mrs P to continue to work full time. So, she felt she did benefit from the purchase. She said it was because her daughter lived at a different address that she bought the car so that her daughter could easily visit Mr P to meet his care needs as he recovered from surgery.

Our investigator felt there wasn’t a valid DCS agreement as all the sales and post-sale documentation only listed Mrs P’s daughter as the owner and driver of the car – so she didn’t feel Mrs P was a contracting party. Our investigator also considered whether Virgin Money ought to have considered a chargeback claim, but explained that due to the timeliness rules, it is unlikely Virgin Money could’ve initiated a chargeback request.

Mrs P disagreed explaining that she had selected and paid for the car and gifted it to her daughter for the purpose of helping to take care of Mr P. She benefited from it in the form of being able to work while her daughter took care of Mr P. She sent in numerous examples of

cases where previous ombudsman had found a DCS agreement did exist in what she felt was similar circumstances to her own.

Our investigator explained that each case is decided on its individual merits, that her view remained unchanged. So, as the complaint couldn't be resolved it has been passed to me to make a decision.

At this point Mrs P further explained that her daughter had agreed to care for her father and needed the car to fulfil her obligations. Mrs P felt that she primarily benefitted from this as it enabled her to continue to work full time while her daughter became obligated to care for her father.

### **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.

Firstly, I'd like to reassure Mrs P that I have considered all her concerns carefully and looked at everything she has provided, but I will only be dealing with the most salient parts of this complaint in this decision as I'm required to decide matters quickly and with minimum formality.

In order to make a s. 75 claim against Virgin Money, a number of requirements need to be met such as financial limits and a valid DCS agreement. But I don't think there is a valid DCS agreement here – so I don't think Mrs P is able to make a claim and I'll explain why.

*does section 75 apply?*

S.75 makes the provider of credit (Virgin Money in this case) equally liable where there is a case of misrepresentation or breach of contract by the supplier of goods or services financed by the credit but only in certain circumstances.

One of the key criteria which must be met is often known as the "debtor-creditor-supplier" agreement. In practical terms this means that in order for s.75 to apply, the person who has paid using their credit card account (the debtor) needs to have a contract with the company (the supplier) which they say is responsible for a breach of contract or misrepresentation.

So, as explained above, Mrs P can only make a claim when there is a direct relationship between the debtor (Mrs P), her creditor (Virgin Money) and the supplier (S). It is Mrs P who is considered to be the debtor in this instance as she holds the credit agreement with Virgin Money. Ms P is not liable to repay any debt to Virgin Money under this credit card agreement, so she is not a debtor under this credit agreement.

But in this case, I consider that Mrs P does not have the required relationship with the supplier for a s.75 claim as the contract for the purchase of that car was made solely in the name of Mrs P's daughter, Ms P.

Mrs P says she indirectly benefits from the purchase because although she doesn't drive the car, the car enabled Ms P to visit her father regularly and meet his care needs enabling Mrs P to continue to work. Mrs P also says she was involved in the selection, negotiation and payment for the car which she gifted to her daughter. So, she feels there is a valid DCS agreement.

I've thought carefully about everything that Mrs P has said as well as looking through the documentary evidence submitted. The sales invoice, the car insurance document, the DVLA

registered keeper document are all in the name of Mrs P's daughter. It seems Mrs P didn't drive the car, and it was registered to Mrs P's daughter who resides at a different address. So, it wasn't for example a joint purchase for joint use. The insurance document shows Mrs P's daughter, and her daughter's partner were insured to drive the car.

Mrs P has made several arguments that she benefits from the car even though she doesn't drive it – and although deriving benefit is something that can be considered as part of the wider assessment of the circumstances – at its core, what we need to assess is whether there's sufficient evidence that Mrs P was a contracting party with S. There are many people who may derive a benefit from the purchase for example, Ms P's partner who is insured to drive the car – but he isn't a party to the contract with S. So, deriving a benefit alone isn't sufficient to establish a DCS agreement. I'd need to see some evidence that Mrs P is a party to the contract with S, and based on what I've seen, I'm not satisfied there is any evidence that Mrs P was a party to the contract with S.

Mrs P isn't named on any of these documents and has provided no evidence that she is a contracting party – other than her testimony that she believes she derives benefit and was present during the sale. Although I have no doubt that she may have had some involvement in the process of helping with the purchase of the car in the capacity of Ms P's parent, I am not satisfied that this is enough to make her a contracting party for the requirements of s.75. There isn't for example, quotes, or invoices or any documentary evidence that would support Mrs P's testimony S dealt with her as a consumer.

In this case Mrs P has used her credit card account to pay S, but I don't think she has a contract with S. As explained above, her name doesn't feature on any of the paperwork, and I've seen no evidence that S considered Mrs P to be a contracting party for example via letters/email from S to Mrs P during any sales negotiations for example. It seems most likely Mrs P was providing the financial means for her daughter to enter the contract with S, rather than having entered this contract herself. Because Mrs P doesn't have any contractual relationship with S, my view is that the necessary debtor-creditor-supplier agreement isn't in place for s.75 to apply to the transaction.

In order to bring a "like claim" against Virgin Money, Mrs P must have a claim against the supplier. But as she doesn't appear to be party to the contract with the supplier, she doesn't appear to have a claim against the supplier and therefore cannot have a "like claim" against Virgin Money.

I am not saying that there is no claim to be answered by the supplier, but I believe that claim rests with Ms P as the party that bought the car and entered into the contract with S, even if Mrs P was the one that paid for it. Ms P, however, is not protected by Mrs P's credit card provider (Virgin Money).

Therefore, taking into account my reasoning above, I do not consider that the necessary 'debtor-creditor-supplier' agreement exists for a valid claim against Virgin Money under s.75. Therefore, I am unable to consider Mrs P's complaint about the car and whether there has been a breach of contract.

As explained by our investigator, each case is decided on its individual merits and while a DCS agreement may exist in other cases, it doesn't mean it exists in this case.

## Chargeback

It may be helpful to explain that the chargeback process allows for a refund to be requested where money was paid using a plastic card in certain scenarios, such as when goods or services are defective or not as described. But as explained by our investigator, the scheme

rules provide a 120-day time limit to issue a chargeback request. As Mrs P didn't contact Virgin Money about the car until after October 2024, which is long passed the 120-day limit, like our investigator, I don't think Virgin Money acted unreasonably by not considering a chargeback claim in this case.

### **Summary**

Based on the available evidence, I don't think Mrs P can make a claim for s.75 as there doesn't seem to be a valid DCS agreement to enable her to do so. So, I don't think it was unreasonable for Virgin Money to respond to her complaint in the way that it did. I appreciate this is a technical area of the law, and Mrs P is likely to be disappointed by this outcome. I'm sorry I haven't been able to assist her further in this instance. I also don't think Virgin Money acted incorrectly by not considering a chargeback claim in this case. So, I find no grounds to uphold this complaint.

I should, however, point out that Mrs P doesn't have to accept this decision. She's also free to pursue the complaint by more formal means such as through the courts.

### **My final decision**

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 15 October 2025.

Asma Begum  
**Ombudsman**