

## **The complaint**

Mr A complains about a claim he made to Clydesdale Bank Plc trading as Virgin Money in respect of a deposit paid for flights.

## **What happened**

In November 2024, Mr A made payment of £1,500 to a travel agent who I'll call E, using his Virgin Money credit card. The payment was a deposit to book flights and Mr A made clear that he would like to fly with a specific airline. E confirmed to Mr A that it could book the tickets with the airline he was specifying and sent Mr A the flight details and the booking terms and conditions. Following this, Mr A followed a payment link to pay the deposit amount specified above. Mr A arranged to make the rest of the payments for the flights in regular instalments.

Shortly after, E contacted Mr A and said it could not offer him seats on the airline specified and offered an alternative airline for Mr A to fly with. Mr A had some back and forth with E and was not satisfied with the alternative airlines suggested. He therefore asked for a refund of the deposit paid, which E refused to refund.

Mr A raised a payment dispute to Virgin Money. It raised a chargeback which the merchant defended and on review, Virgin Money decided not to proceed with the chargeback as it had low prospects of success. Virgin Money also considered the claim under Section 75 of the Consumer Credit Act 1974 (Section 75) and said it didn't think the claim should succeed as the terms and conditions of the booking had not been breached.

Mr A brought his complaint to our service. Our investigator ultimately said that based on the merchant's defence of the chargeback and the chargeback rules, she didn't think the dispute would've succeeded if it had been pursued further by Virgin Money. On Section 75, she said that as Mr A made the booking for two other passengers, the debtor-credit-supplier (DCS) link was broken, and the claim could not be considered.

Unhappy with this outcome, Mr A asked for an Ombudsman to consider his complaint. He said that on the payment page, E did not make it clear that the payment was non-refundable and it also didn't make it clear that the airline could be changed. Mr A said the service being offered was no longer fit for purpose and was therefore fraudulent. He raised matters pertaining to the credibility of the merchant. And lastly that he considers there to have been a breach of contract and Virgin Money can be held jointly and severally liable for that breach under Section 75. So, the complaint has now 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.

I would like to start by saying that I have provided a brief summary of the events that occurred above. I intend no discourtesy by this and can assure both parties that I have taken all the information provided into consideration when reaching a decision on this complaint.

In this decision, I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point, it's not because I've failed to consider it, but because I don't think I need to comment in order to reach a fair and reasonable outcome. Our rules allow me to do this, and this reflects the nature of our service as a free and informal alternative to the courts.

I also think it's worth clarifying that I'm deciding whether Virgin Money acted fairly in assisting Mr A with his dispute against E. I'm not making a finding on the underlying dispute Mr A has with E. Virgin Money did not retain the deposit Mr A is attempting to recover, so when considering what's fair and reasonable, I'm only considering whether Virgin Money acted in line with its obligations as a provider of financial services.

### Chargeback

Chargeback is a voluntary scheme under which settlement disputes are resolved between card issuers and merchants, under the relevant card scheme. A card issuer will review the claim against the possible reasons for a chargeback and look at whether it would be able to make a successful claim for the customer. Card issuers do not have to submit claims and usually will only do so, if it is likely to be successful. We don't expect them to raise a claim if there is little prospect of success.

Virgin Money raised a chargeback dispute on Mr A's behalf, and this was defended by A. In response to the chargeback, E said that its terms and conditions say the following:

#### *“DEPOSITS*

*Where deposits are taken this only guarantees the seat NOT any tax increase and fare increase. The deposits are non Refundable.”*

And

#### *“FLIGHT PROGRAMME CHANGES*

*All prices, dates, times, routes and choice of airline are subject to alteration or cancellation should [E] find it necessary to effect any such alterations or cancellation. They will use their best Endeavour to provide passengers with a suitable alternatives.”*

In a dispute of this nature, Virgin Money would carefully need to consider the terms and conditions of the booking and whether any changes made were in line with those terms. Based on the terms outline above, it found that they were. In these circumstances, it found that the dispute would have low prospects of success if it was taken further. Having reviewed all the information, I agree that the dispute had low prospects of success as the deposit is non-refundable and the terms allow for the amendments that E was proposing to make to the booking. Therefore, I find Virgin Money's decision not to pursue the chargeback dispute any further to be reasonable.

### Section 75

Section 75 allows – in certain circumstances - for a creditor (Virgin Money) to be jointly and severally liable for any claim by the debtor (Mr A) of breach of contract or misrepresentation made by a supplier of goods and/or services (E). Before the claim can be considered, there are some technical requirements which need to be met. Section 75 says:

*“If the debtor under a debtor-creditor-supplier agreement falling within section 12(b) or (c) has, in relation to a transaction financed by the agreement, any claim against the supplier in respect of a misrepresentation or breach of contract, he shall have a like claim against the*

*creditor, who, with the supplier, shall accordingly be jointly and severally liable to the debtor.”*

Put simply, this means the person who owns the credit card account needs to have a claim for breach of contract or misrepresentation against the company which was paid using the credit card.

Our investigator has said that the DCS relationship is broken as Mr A booked the flights for two other people who are named on the invoice, and paid the deposit but he did not intend to fly and is not named on the booking.

It is clear from what he has said that it is Mr A who made the booking. The booking terms and conditions say:

**“YOUR CONTRACT**

*When you book travel arrangements with us you enter into a contract with us.*

**WHO ARE YOU?**

*You are any client of ours who books your travel arrangements with us and who is named on the confirmation invoice.”*

Having reviewed the confirmation invoice, I cannot see that Mr A is named. The only names are those individuals for whom Mr A was booking the flight. This causes complications for the DCS chain as the person who made the payment is not named on the invoice and therefore cannot be said to be the debtor. I therefore find that the claim cannot be considered under Section 75 as the relevant DCS relationship required in order to raise a claim under Section 75 is not in place.

I can see that Mr A was originally asking his sister to make payment towards the deposit, but her attempt was not successful. If she had made payment, as she was named on the invoice, she would likely have been able to raise a claim under Section 75, however it is Mr A who made payment so this claim cannot succeed.

I will say that having reviewed the circumstances of the complaint, even if DCS were not an issue, it is unlikely that I would have found that the contract had been breached. I say this because the terms clearly state that flights are subject to change and suitable alternatives will be provided. I can see that E did offer alternatives, as required by its terms. In addition, the terms state that deposits are non-refundable. It does not matter that Mr A was not told this on the payment page as he has shown us. He was sent this information before he made payment and was therefore able to make an informed decision about whether he wished to proceed with the purchase.

Lastly, Mr A has made mention of the merchant's credibility. Although I understand his concern, I cannot see that this would affect any payment dispute he made as both chargeback and Section 75 claims carry specific rules that need to be met in order to make a successful claim, and unfortunately, these have not been met here.

Therefore, for the reasons explained above, I do not find that Virgin Money has treated Mr A unfairly when handling his payment dispute.

### **My final decision**

My final decision is that I do not uphold Mr A's complaint against Clydesdale Bank Plc trading as Virgin Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 9 October 2025.

Vanisha Patel  
**Ombudsman**