

The complaint

Mr L complains that Clydesdale Bank Plc trading as Virgin Money declined his claim for a refund of a transaction made using his Virgin credit card.

What happened

My provisional decision of 30 July 2025 set out the background to this complaint:

"In May 2022, Mr L booked a flight through a third party I'll refer to as H. The flights were with an airline I'll refer to as B. I'll refer to the flights reference as "BF". Mr L paid H using his credit card provided by a bank I'll refer to as C.

On 24 June 2022, H emailed Mr L to let him know this flight had been cancelled. Mr L then rebooked his flights on B's website using his Virgin credit card. His Virgin credit card statement shows a payment of £283.36 was then taken by B under its reference "AC".

In August 2022, Mr L also contacted Virgin to dispute his payment to B, saying he should not have been charged for a replacement flight.

Virgin raised a chargeback in October 2022, but B defended it. B said the flight Mr L purchased under its reference AC went ahead as scheduled and Mr L had boarded his flights. In 2023, Virgin went on to decline Mr L's claim under Section 75 of the Consumer Credit Act 1974 ('Section 75') on the grounds that there was no evidence of misrepresentation or a breach of contract on B's part.

In 2024, Mr L contacted B as he said he'd not received a refund for his original cancelled flight. In April 2024, B said it had refunded £283.36 to his Virgin credit card – it later said the refund had been processed in December 2022. Mr L then contacted Virgin as B's refund hadn't been applied to his account. Virgin considered Mr L's Section 75 claim afresh but still declined it, so Mr L complained.

In its final response of 30 August 2024, Virgin said it had no record of B refunding anything to his credit card and it couldn't chase B on Mr L's behalf. Virgin went on to say it had declined Mr L's claim for his payment to B because he had booked a separate flight to his booking BF and it had no liability arising from this cancelled flight.

Turning to the booking reference AC, Virgin said the flight had gone ahead and there was no breach of contract on B's part. However, Virgin apologised for the customer service provided when Mr L spoke to its agents and offered him £100 compensation. Unhappy with this response, Mr L referred his complaint to our service.

One of our Investigators reviewed Mr L's complaint about Virgin but didn't uphold it. The Investigator said that if Mr L wants Virgin to review whether B credited a refund, he should obtain B's Acquirer Reference Number (ARN). The Investigator also thought Virgin was right to raise a chargeback but its decision not to pursue it further was reasonable, as Mr L had boarded the flight he paid for. The Investigator went on to say Virgin's decision to decline Mr L's claim under Section 75 was reasonable as there was no breach of contract or

misrepresentation on B's part. The Investigator said Virgin's offer of £100 for its service was fair in the circumstances.

Mr L disagreed with our Investigator, saying it was Virgin's responsibility to locate the refund B said it had sent. Mr L emphasised his claim was against Virgin, rather than C. So, this has come to me for a decision."

I then set out why I was minded to uphold this complaint, in part:

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

Here, I have considered what Virgin's obligations were as the provider of credit for his transaction with B on 25 June 2022 and how it might have helped recover his money. In that respect, I consider the relevant chargeback scheme and Section 75 to be particularly relevant.

Whilst assessing Mr L's complaint, I note he feels Virgin has breached its Consumer Duty towards him. The Consumer Duty came into effect on 31 July 2023. It is not retrospective and so it does not apply to the actions of firms before then – but I've considered the Consumer Duty with regards to Virgin's actions since 31 July 2023.

Chargeback

Chargeback provides an avenue for a bank to raise a dispute with a merchant where something has gone wrong. However, it doesn't cover all eventualities, it isn't a legal right and isn't guaranteed to get a customer a refund. Strict rules and timeframes apply to chargebacks, and these are set out by the card scheme operator (here, that's Mastercard).

When Virgin raised a chargeback with Mastercard, the Consumer Duty was not yet in effect. Virgin raised the chargeback for a credit not processed. In the circumstances, I don't think it was unreasonable for Virgin to choose this chargeback code and I've not seen any other chargeback code that I think would have succeeded.

B defended the chargeback saying the flight Mr L had booked under its reference AC had gone ahead and he had boarded. B noted it was H that told Mr L he could change his cancelled flight for free. At the time, there was nothing to show B had promised a refund or a credit to Mr L for his booking AC. In the circumstances, Virgin said there was nothing further they could usefully do to assist Mr L in obtaining a refund here and I think that decision was reasonable. Further, when Mr L got back in touch in 2024, it would have been too late to raise a chargeback even if it had been possible to raise another one, so I think Virgin was right not to consider this option again.

Section 75

Section 75 allows a customer to submit a claim for breach of contract or misrepresentation by a supplier to their credit provider.

Mr L had two separate contracts with two different credit providers. The first contract was made in May 2022 with H, who arranged a hotel and flights with B under the reference BF. Mr L paid using his credit card account with C. As Virgin had no part in this transaction, it has no liability for any losses arising from any breach of that contract. Mr L may wish to contact C to explore the possibility of making a Section 75 claim about H.

The second contract was with B made on 25 June 2022 under its reference AC. Virgin was the credit provider here and I'm satisfied that the technical conditions for this claim have been met. Mr L says Virgin was in breach of his contract by charging him for flights. However, I've looked at the evidence available to see what the terms for the contract AC were and I'm afraid I've found nothing to show that B agreed to provide the flights under this contract free of charge as a replacement for the flights cancelled under contract BF.

I've thought about whether there was any misrepresentation on B's part here. It was H, not B, that told Mr L he could rebook his flight for free. I've seen nothing to show B made any representations to Mr L that his flight booking BF5NVN would be provided free of charge. Mr L says that when he accessed B's website, he was charged for the flight – and there is nothing to suggest Mr L didn't authorise the payment made to B. So, it appears that at the time he made the booking ACTSVW, there is nothing to show B told Mr L that these flights would not be charged for. On balance, I think it was reasonable for Virgin to have declined Mr L's claim on the grounds there is insufficient evidence of misrepresentation on B's part here.

I've thought about whether there was a breach of contract on B's part. Again, there is nothing in the contract to show B would provide the flights under reference AC free of charge, so I don't think it breached the contract by charging Mr L. And as the flights went ahead as scheduled, there was no breach of contract here. Whilst B has since emailed Mr L to say it refunded the cost of the flights to his Virgin credit card, there is nothing in those emails that says it did so because it was in breach of its contract AC with him. So, I don't think the evidence shows there was a breach of contract on B's part that entitled him to a refund, and I think it was reasonable for Virgin to decline a Section 75 claim on that basis.

In the circumstances, and taking into consideration applicable laws, rules and regulations, I think Virgin's decision to decline Mr L's Section 75 claim was reasonable.

Locating the refund B says it sent

Having reviewed the emails sent by B to Mr L, B clearly says it credited a refund to Mr L's credit card in December 2022, but Virgin says it hasn't received it. B hasn't provided any evidence to prove it sent the money to Virgin, such as providing the ARN it would have used.

I don't think it was for Virgin to contact B on Mr L's behalf – they're not his representative and are not obliged to contact any third parties Mr L wants them to. However, after Mr L got in touch with Virgin in June 2024, I think Virgin (as the experts here) should have been more helpful to Mr L in clarifying that Mr L himself could obtain the ARN from B, which Virgin could then have looked into for him.

I can only consider Virgin's actions until the date of its final response of 21 October 2024, and it's unclear whether B would have been able to obtain a ARN or whether that would have helped Virgin locate a refund before its final response. However, I can see this matter has caused Mr L some upset, so I think Virgin should pay Mr L an additional compensation, on top of the £100 Virgin has already offered for its poor customer service, to apologise. I'll set this out below.

If Mr L does obtain a ARN from B, and Virgin are then not able to locate a missing payment, this may be an issue Mr L can raise again with Virgin. However, it remains that I cannot consider anything that goes beyond 21 October 2024 as part of this complaint.

Virgin's customer service

In its final response of 30 August 2024, Virgin apologised for the service Mr L had received. Virgin acknowledged Mr L was on the phone for a long period, the agents he spoke to in 2024 couldn't answer all of his questions and he wasn't transferred to a manager. Mr L was also talked over. To apologise, Virgin offered Mr L £100.

I note Mr L has also complained about delays. I've not seen significant delays in Virgin's handling of his chargeback. Virgin explained it the chargeback outcome and its decision to decline Mr L's Section 75 claim on 13 February 2023. However, Mr L asked Virgin to look at his claim again on 28 February 2023 (although his letter is dated 22 February 2022.)

Virgin received Mr L's February 2023 letter and on 13 March 2023, it told him his case would be reviewed. Mr L then called five times to chase up Virgin's answer before Virgin then reviewed his claim again on 9 August 2023 to review Mr L's Section 75 claim again. It's unclear why this delay occurred – Virgin hasn't provided an explanation about what happened between 13 February 2023 and 9 August 2023. It's clear this issue caused Mr L some inconvenience given he called numerous times to chase Virgin up, even if the outcome of his Section 75 claim was unchanged.

Mr L got back in touch with Virgin in June 2024, and it was around a week over the eight weeks allowed to respond to a complaint. It then issued a second final response within the eight weeks allowed.

As I said above, Virgin has already acknowledged it provided poor service during phone calls to Mr L. I also think there were some delays in responding to his appeal to the outcome of his Section 75 claim and Virgin should have explained to Mr L he could obtain a ARN from B to help locate the missing refund. So, I think Virgin should increase its offer of compensation and pay Mr L £250. Overall, I think this reflects the inconvenience caused by its delays in handling Mr L's claim and poor customer service until 21 October 2024. It remains that I think Virgin's decisions about Mr L's chargeback and Section 75 claims were reasonable."

Virgin accepted my provisional decision but Mr L did not. In summary, Mr L reiterated his belief that Virgin should be able to trace the refund B says it sent, and that it was not reasonable for consumers to obtain ARNs where a merchant has confirmed a payment has been sent. Mr L remained of the view Virgin should pay him the refund B says it sent.

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.

Neither party to this complaint raised new evidence or arguments in response to my provisional decision, so I see no reason to depart from it. Whilst I have considered Mr L's response to my provisional decision, I'll briefly address the comments I consider to be crucial to the outcome of this complaint. This isn't intended as a discourtesy to either party but reflects the informal nature of our service.

Virgin says it hasn't received a refund and our service doesn't have the power to check Virgin's internal systems to verify its position. Here, B has said it sent a refund but offered no supporting evidence, such as an ARN, that would prove it sent the payment to Virgin. It is ultimately Mr L's choice whether to obtain an ARN, I cannot require him to do so.

My provisional decision about what Virgin should do to put things right remains unchanged.

Putting things right

Clydesdale Bank Plc trading as Virgin Money should pay Mr L £250 compensation. If £100 has already been paid to Mr L, then only a further £150 is payable.

My final decision

For the reasons explained above, I uphold this complaint and require Clydesdale Bank Plc trading as Virgin Money to do what I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 11 September 2025.

Victoria Blackwood
Ombudsman