

The complaint

Mrs E complains that Clydesdale Bank Plc trading as Virgin Money has treated her unfairly about a transaction on her credit card for a packaged holiday.

What happened

Mrs E booked a packaged holiday with a merchant, who I'll call B. The trip was to take place between 6 and 27 July 2024 and the total cost of the holiday was £16,327. Mrs E paid £13,000 towards the cost of this holiday on her credit card with Virgin Money on 12 May 2024.

On 6 July 2024, Mrs E was informed that her outbound flight had been cancelled due to engine issues with the aeroplane. Mrs E and her family returned home from the airport and contacted B about alternative arrangements. B rescheduled their flights for 9 July 2024, however the flights were with another provider and instead of being direct flights, they were indirect flights.

Mrs E states the quality of the alternative airline and amenities on the aeroplane were not what she had paid for. She arrived at her holiday destination days later than planned which affected their itinerary. However, Mrs E did manage to push the entire booking back so she could stay for the same amount of time as previously booked, but this did necessitate taking an additional two days off work.

Mrs E also had issues with her return flight. She states she paid around £700 per person for a premium economy upgrade, and this did not meet expectations. In addition, the flight was delayed.

On her return home, Mrs E raised a complaint to B and outlined the effect the cancellation of her outbound flight had on her enjoyment of the holiday and inconvenience caused to the family. B provided a refund of £1,970 for the cancelled outbound flight and Mrs E received payment for compensation for the cancelled flights as per the EU regulations.

Whilst Mrs E was still in discussion with B about her complaint, she raised a claim for breach of contract to Virgin Money under Section 75 of the Consumer Credit Act 1974 (Section 75). Originally Virgin Money declined to proceed with the claim until the discussions with B had been concluded. Following this, Mrs E approached Virgin Money again who reviewed the claim. It said Section 75 does not cover claims for poor service. In addition, it said Mrs E had received all the refunds she was entitled to for the cancelled outbound flight, so Virgin Money had no further liability on this claim. Lastly, the return flight upgrades had been paid for by another person in the travelling party and they had received a refund for this.

Mrs E then brought her complaint to our service. She complained of the claim outcome and how it had been handled. Our investigator said considering the refund received, she thought the breach of contract with regard to the cancellation of the outbound flight had been compensated by B. In addition, she thought the matter of whether the services/amenities in the flight were acceptable is a subjective matter and no evidence has been provided of any issues with this. Virgin Money was not liable for any issues with the upgrade on the return

flight as Mrs E had not paid for this. And lastly, Section 75 would not cover compensation for any distress or inconvenience caused to Mrs E by B.

Mrs E was unhappy with the outcome and asked for an Ombudsman to consider her complaint. She said that she was asking for a price reduction of £5,000 under Section 56 of the Consumer Rights Act 2015 (Section 56) rather than compensation. 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.

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.

In this particular case, I can see no evidence that Virgin Money considered raising a chargeback. I think it could have considered whether to raise a chargeback, but it is likely any such claim would not have been successful. So, I don't think Virgin Money's consideration of a chargeback claim would have made a difference and I find it was reasonable for it to focus on Section 75.

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 (Mrs E) of breach of contract or misrepresentation made by a supplier of goods and/or services (B). There is no claim concerning misrepresentation on this particular complaint, and so I will focus on breach of contract.

Both Virgin Money and Mrs E accept that this was a package holiday arranged through B, and under The Package Travel and Linked Travel Arrangements Regulations 2018, B is contractually liable to Mrs E for performance of the travel services.

It is clear, and neither party is disputing, that there were issues with the outbound flight having been cancelled and therefore instead of leaving on 6 July 2024, Mrs E and her family left the UK on 9 July 2024. Mrs E did not lose three days of her holiday because she managed to arrange to stay for the full 21 days planned, however she did lose two additional days from work, suffered distress and inconvenience and says her itinerary for the holiday was disrupted. B's booking terms say:

“8.6. If we make a significant change to your booking then, whether compensation is payable or not, you have a choice. You may:

8.6.1. accept the significant change; or

8.6.2. accept substitute arrangements of equivalent or superior quality if we are able to offer this to you; or

8.6.3. accept substitute arrangements of lower quality if we are able to offer this to you together with a refund of the difference in price between the original and the substitute arrangements; or

8.6.4. cancel your booking altogether, in which case we will process a refund in full of all money you have paid us for the booking within 7 days of your request.”

As far as I can see, the outbound aeroplane suffered engine issues and so B made a significant change to the booking. Mrs E then had the options listed above available to her and she chose the option outlined under 8.6.3. She travelled with another airline, and received a refund of £1,970 from B. As the booking was a packaged holiday, it does not set out the cost of the flights individually so I'm unable to confirm whether Mrs E received a full refund for the flights or the price difference between the two airlines – although it looks as though it is likely the price difference. The alternative was therefore accepted as per the contract and Mrs E only paid for services which she received.

It seems that Mrs E is mainly unhappy with the inconvenience caused, having to take an extra two days off work and the disruption to her itinerary. Mrs E had received compensation for the cancellation as per the EU regulations for each person on her booking. I therefore do not find that she is required to be compensated any further for what has happened here.

Section 75 provides the ability to hold Virgin Money liable for a breach of contract under the connected lender liability provisions afforded by the legislation. The only situation in which we would consider awarding compensation is if in handling the claim, Virgin Money made errors. The legislation does not allow for the finance provider to be held responsible for distress and inconvenience caused by a merchant, and it would be unfair for us to expect it to do so.

Mrs E says she is not asking for compensation, but rather a price reduction under Section 56. Having looked closely at the wording of Section 56, I am not in agreement that a price reduction of £5,000 should be awarded. The flight was rescheduled within three days, and Mrs E did not lose those three days off her holiday. Mrs E was returned the price difference between the flight she wanted to take and flight she took, and she was compensated for the cancelled flight as per standard regulation. This is a suitable remedy for the issues Mrs E experienced.

Mrs E has also raised concerns about the quality of the outbound flight. I agree with our investigator that this is a subjective matter. Having received a refund of the difference in flights, Mrs E has essentially received what she has paid for. There is no evidence of poor quality bar a brief comment on this from Mrs E and so I don't find I can agree the contract has been breached on this basis.

Mrs E had concerns about the delays and upgrade on the return flight. I appreciate this would have been concerning for Mrs E considering what she experienced on the outbound flight, however Mrs E did not pay for the upgrade and the information provided suggests that the party who did has received a refund for the upgrades. Virgin Money is not required to double compensate for this issue and so it didn't need to consider this matter further.

Overall, having taken all of the information provided into account, I find that B has compensated Mrs E appropriately for the issues she experienced and so I do not find that Virgin Money has treated Mrs E unfairly in declining to progress her claim further for these reasons.

Claim handling

I understand Mrs E is unhappy with the way in which her claim was handled. Having looked over the claim history, I find the claim was considered in a reasonable time frame with an appropriate pause to allow B to conclude its investigation into the complaint. I therefore find that Virgin Money has handled this claim appropriately.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 24 October 2025.

Vanisha Patel
Ombudsman