

The complaint

Mr S is unhappy with how Clydesdale Bank Plc trading as Virgin Money (“Virgin”) responded to his claim made under Section 75 of the Consumer Credit Act 1974.

What happened

The parties are familiar with the background of this complaint, so I will summarise it here, which reflects my informal remit.

Between November 2022 and April 2023 Mr S paid around £21,800 using his Virgin credit card to a merchant (who I will refer to as “B”) for two installations: solar panels with battery storage system and a replacement heating system including an air source heat pump. The installation work was completed around April 2023.

After completion, Mr S noticed issues with both systems. When he was unable to resolve these directly with B, he contacted Virgin in June 2024. Mr S provided Virgin with evidence and documentation outlining the problems. Virgin declined to raise a chargeback, explaining that the claim was out of time.

When B later ceased trading, Mr S contacted Virgin again to raise a Section 75 claim for the issues regarding both systems. Virgin declined, arguing that because the property was not Mr S’ primary address, the purchases weren’t for his direct benefit, and therefore the required debtor–creditor–supplier (DCS) agreement under Section 75 didn’t exist.

Mr S disagreed. He explained that the systems did benefit him directly, as he had funded them, used the property frequently, and relied on the systems for personal use. Mr S also arranged for an independent party to inspect the systems to provide further evidence of the issues.

He requested a partial refund of around £4,030 to cover the missing second battery, heating system remedial work and associated financial losses caused by the poor installation.

Virgin maintained that it was unable to raise a Section 75 claim as there was no DCS agreement, but it did offer him £50 as compensation for poor service.

Unhappy with Virgin’s response to the Section 75 claim, Mr S referred his complaint to our service. An investigator reviewed the case and said, as it was too late for a chargeback to have been raised, it wasn’t unreasonable for Virgin to have declined that option.

Regarding Section 75, the investigator found that although Mr S had made the payment using his credit card, the contract was in his partner’s name, and the installation was carried out at her property. Therefore, they considered that the necessary DCS agreement wasn’t present for a Section 75 claim to be considered.

Mr S disagreed and said that based on his own research, many of the Section 75 eligibility criteria - particularly those relating to the definition of “benefit” - were discretionary rather than absolute. He therefore believed his claim should still be considered under Section 75.

As the parties could not agree the matter has been passed to me for a decision.

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.

Whilst I've read and considered everything, if I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. This is not meant as a discourtesy but rather reflects my role in resolving disputes with minimum formality.

When a consumer buys goods or services using a credit card, and something goes wrong with the purchase, they can approach their card issuer for assistance. The card issuer may be able to help in obtaining a refund of a card payment made via a chargeback, or it may need to consider a claim under Section 75 of the Consumer Credit Act 1974 (Section 75).

In this case, as neither party challenged our investigator's initial conclusions about the chargeback, I haven't found it necessary to provide detailed findings on this point. I agree that a chargeback was unlikely to be successful in this scenario as by the time Mr S contacted Virgin, it was too late for it to attempt a chargeback under the relevant scheme rules.

Mr S also accepted Virgin's offer of compensation for the customer service aspect of his complaint. I am therefore not commenting further on that issue, other than to note that I consider the compensation offered by Virgin was reasonable in the circumstances.

That brings me to the matter of Mr S' Section 75 claim, and whether Virgin acted fairly and reasonably in declining it.

Section 75 allows consumers who have purchased goods or services using a credit card, to claim against their credit card issuer in respect of any breach of contract or misrepresentation, by the supplier of the goods or services, subject to certain technical conditions being met.

One of these technical conditions is the requirement for there to be a debtor-creditor-supplier ("DCS") agreement. In this case, the debtor would be Mr S, as he used his Virgin credit card to make the payments; Virgin would be the creditor; and B would be the supplier. However, Section 75 also says that the debtor - Mr S - also needs to have a claim against the supplier (B). In order to have such a claim, Mr S needed to have been a party to the contract with B.

I acknowledge that Mr S may have been closely involved in discussions about the purchase and installation of the goods, and that he used his own credit card to pay. However, payment alone doesn't establish a contractual relationship. The documentary evidence, such as the order forms, lists only Mr S' partner as the customer, with her home address provided for delivery and installation. This indicates that the contractual agreement was between B and Mr S' partner.

I appreciate that Mr S has explained that he personally benefited from the installations, and I recognise the effort he has made to support his position. However, that in itself, isn't enough to satisfy me that he formed a contractual agreement with B here. The evidence in this case strongly points to Mr S' partner having a contractual agreement with the supplier instead of him.

While I have sympathy for the situation Mr S is in, and I'm also aware that he's had difficult personal circumstances which have coincided with these events, I'm unable to conclude that

Virgin acted unfairly or unreasonably in declining his Section 75 claim as the necessary DCS agreement isn't in place.

My final decision

I don't uphold this complaint against Clydesdale Bank Plc trading as Virgin Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 4 December 2025.

Farhana Akhtar
Ombudsman