

The complaint

Mr P has complained about how Clydesdale Bank Plc trading as Virgin Money (Virgin Money) handled his claim for money back in relation to a transaction made on his credit card.

What happened

In January 2024, Mr P made a payment of £450.00 to a travel agent as a deposit for a holiday, using his Virgin Money credit card. The holiday was due to take place in December 2025.

Unhappy that the trip had been booked for incorrect dates and that Mr P's wife didn't get the travel assistance she requested, a request was made to cancel the trip and for a refund of the deposit to be provided. Unable to resolve the issue with the agent, Mr P contacted Virgin Money and asked it to assist him in getting a refund.

Virgin Money started the chargeback process and provided a £450.00 refund to Mr P's account. The merchant provided a response, which Virgin Money sent to Mr P in mid-April 2025 and asked him to get in touch with further information within ten days and said it would then make a second request. It said that if Mr P didn't respond with the information requested it would assume he didn't want it to continue investigating and it would remove the temporary credit from his account.

Mr P called Virgin Money to let it know he was unable to respond by the deadline. In May 2025, Virgin Money wrote to Mr P explaining that it was unable to continue with the chargeback because Mr P had accepted the booking terms and conditions and the retailer had rectified the error with the booking date. It went on to say that as Mr P had booked through an agent of the supplier, and didn't pay the supplier directly, Section 75 of the Consumer Credit Act 1974 (CCA) did not apply, so it was unable to take the Section 75 claim further.

Unhappy with this Mr P raised a complaint. In its response Virgin Money apologised for the amount of time given to Mr P to respond and said it would pay him £25 compensation to recognise the inconvenience. It said his dispute was declined, with rationale sent to him and provided an email address if he wanted to appeal.

Mr P referred his complaint to this service. One of our investigators looked into the complaint and said that she didn't think Virgin Money had treated Mr P unfairly. She said that had Virgin Money pursued the chargeback further she didn't think it would have resulted in a refund, as the supplier's terms and conditions said that in the event of a cancellation the deposit would not be refunded. She said that she didn't find any errors had been made in relation to the timescale Virgin Money gave to respond. She went on to say that whilst she thought the necessary criteria for a Section 75 claim had been met, she didn't think there was a breach of contract, because Mr P was not entitled to a refund in the event of cancellation and any initial errors with the booking date had been rectified.

Mr P didn't agree. He said that he had not received the £25 goodwill payment, that the travel agent had discriminated against his wife and he was told interest would be paused. Our Investigator reconsidered, but her opinion remained the same. She confirmed compensation had been paid in June 2025 and explained that interest would not have been charged until the disputed amount was re debited from Mr P's account in May 2025. She said she was only able to consider Virgin Money's actions and not any complaint points relating to the service received from the travel agent.

Mr P didn't agree and so the complaint has 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.

In considering what's fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

My summary above and comments below will focus on what I consider to be the key points to this complaint. Whilst I've considered everything in detail, if I don't comment on a particular point, it's because I don't feel that I need to in order to reach a fair answer on this complaint. It's not meant as a discourtesy, but instead it reflects the informal nature of this service.

To be clear, I am only determining whether Virgin Money treated Mr P fairly in how it handled the dispute, and not the actions of the merchant as their actions don't fall within this service's remit. Mr P has raised some serious allegations about the conduct of the merchant, and whilst I appreciate his strength of feeling and I'm sorry to hear about what he has been through, this isn't something that Virgin Money can be held responsible for and as such, I won't comment on that further. Whilst there may have been issues, it doesn't necessarily mean that Virgin Money treated Mr P unfairly.

There were two ways in which Virgin Money could potentially assist Mr P in getting a refund for the transactions, either through a chargeback or a Section 75 claim. I've considered whether Virgin Money treated Mr P fairly in how it handled each, based on the information it had available to it at the time.

Chargeback

There are set rules and criteria under which Virgin Money would need to follow as part of the chargeback process. These rules are set by the card scheme and cannot be altered or amended by Virgin Money. Part of these rules set out the situations in which a chargeback can be raised in the form of reason codes, along with specific criteria and time scales for each code, at each stage of the process. A chargeback isn't an automatic right for consumers and in Mr P's circumstances Virgin Money had discretion to decide whether to attempt the chargeback or not and whether to pursue it further once it had been attempted, based on whether it felt the chargeback had a good prospect of succeeding or not.

Virgin Money attempted the chargeback and in response, the merchant, through its own bank, provided its defence. This included the booking confirmations, other communication and the terms and conditions. Virgin Money sent this information onto Mr P and asked for a response within 10 days in order to take the chargeback further. I understand that Mr P faced some challenges in responding by the deadline, but I don't consider it to have been unfair for Virgin Money to impose a deadline, given the card scheme imposes strict

deadlines that must be met in order to pursue the chargeback to each stage. In any event, Virgin Money appear to have given Mr P more time than the deadline it set before deciding not to take the chargeback further, which I consider to be fair. Virgin Money has confirmed it paid Mr P £25 compensation for the frustration caused by the deadline it gave, but given I don't think Virgin Money acted unfairly, this isn't something I would have instructed it to pay.

I also don't think that Virgin Money treated Mr P unfairly when it decided not to pursue the chargeback further. I say this because the terms and conditions provided by the merchant set out that in the event of cancellation a refund of the deposit, which was all that Mr P had paid at the point of the cancellation request being made, was not due. As such, I'm not persuaded that the chargeback had a good prospect of succeeding had Virgin Money pursued it further, as the terms indicated that Mr P was not due a refund in the event of cancellation. It follows that I don't think Virgin Money treated Mr P unfairly when it decided not to pursue the chargeback further.

Section 75

In certain circumstances, Mr P can make a like claim against Virgin Money for any breaches of contract or misrepresentations by the supplier of goods or services, when payment is made via credit card. This is through a Section 75 claim.

In order to say that Virgin Money treated Mr P unfairly, I'd need to be satisfied that the necessary criteria had been met and if so, that a breach of contract or misrepresentation had been evidenced.

For there to be a successful claim under Section 75 there are certain criteria that also need to be satisfied. One of these is that there needs to be a valid agreement between the debtor, the creditor and the supplier, as set out within the CCA. This is often called the debtor-creditor-supplier agreement, or D-C-S link. In this case the payment was not made to the suppliers, there were multiple passengers under the booking, and the booking was in Mr P's wife's name, who appears to have been the contracting party, which is relevant when determining if the necessary DCS agreement is in place. It doesn't appear the DCS agreement is intact here, but it doesn't make a difference because it doesn't seem there was a breach of contract or misrepresentation.

I say this for much of the same reasons given above. The evidence provided confirmed that in the event of cancellation, a refund of the deposit was not due. Whilst I can appreciate Mr P's concerns and why he felt the need to cancel, as the terms set out that a refund would not be due, it doesn't seem that the supplier breached its contract when it declined to provide a refund. And any errors with the initial booking had been rectified, or in other words any breaches of contract had been remedied, when the travel dates were corrected. As such, I can't say that Virgin Money treated Mr P unfairly when it declined his claim.

Customer service

Mr P has also raised concerns that Virgin Money did not advise him that it could take the funds back after processing the refund. Virgin Money has provided a sample copy of the letter it said would have been sent to Mr P confirming it had started the chargeback process. The letter sets out that it asked the retailer for a refund and said it had added the money back to the account, whilst the retailer was reviewing the request. It also confirmed it had refunded any interest, charges or fees. It went on to say *'We'll be in touch again when the retailer gets back to us to confirm whether you can keep the refund'*. I think it's more likely than not that this is the communication Virgin Money would have sent to Mr P and I think it made it clear that the refund was not guaranteed to remain in Mr P's account, as it was dependant on the merchant's response. So, on balance, I think it's more likely than not that

Virgin Money provided Mr P with enough information about the potentially temporary nature of the refund and as such I don't think that Virgin Money has treated Mr P unfairly.

Mr P has raised concerns that he was told he would not be charged interest. The communication mentioned above confirms he would not be charged interest whilst the dispute was ongoing and I haven't seen any evidence to confirm it did so. I wouldn't consider it to be unusual for Virgin Money to resume charging interest, after it removed the credit from Mr P's account, when the chargeback was unsuccessful.

Overall, I don't think that Virgin Money has treated Mr P unfairly. It provided him with the support he asked for when he requested a refund and dealt with both the chargeback and Section 75 claim quickly. I'm persuaded that it provided clear information to Mr P about the refund and its reasons for not taking each type of dispute further. It follows, that I will not be asking Virgin Money to do anything more.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 10 March 2026.

Daniella Roberts
Ombudsman