

THE COMPLAINT

Mr P complains that Zopa Bank Limited (“Zopa”) will not reimburse him money he says he is entitled to under section 75 of the Consumer Credit Act 1974 (“CCA”).

WHAT HAPPENED

In short, Mr P says he used his Zopa credit card to purchase ‘recruitment software’ for his laptop from a company called, BS5 Software. He says the software was due to be delivered the next day which never happened. Because of this, Mr P argues that he has rights under section 75 of the CCA. The amount in dispute is approximately £1,200 in total. Zopa did not reimburse Mr P, so he raised a complaint which he also referred to our Service.

Two investigators considered the complaint and did not uphold it for different reasons. As Mr P did not accept the investigators’ findings, this matter has been passed to me to make a decision.

WHAT I HAVE 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.

Having done so, I find that the investigator at first instance was right to reach the conclusion they did. This is for reasons I set out in this decision.

I would like to say at the outset that I have summarised this complaint in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. If there is a submission I have not addressed, it is not because I have ignored the point. It is simply because my findings focus on what I consider to be the central issues in this complaint.

Further, under section 225 of the Financial Services and Markets Act 2000, I am required to resolve complaints quickly and with minimum formality.

Chargeback

Chargeback is an entirely voluntary scheme, which means firms are under no formal obligation to raise a chargeback claim. The relevant scheme operator can arbitrate on a dispute between a merchant and customer if it cannot be resolved between them. However, such an arbitration is subject to the rules of the relevant scheme, so there are limited grounds on which a chargeback can succeed.

I can see that Zopa raised a chargeback in this matter, which was defended. Based on the evidence before me, I find it likely that the defence material was from the company Mr P made his payments to, Monetix/MNTX. I say this because the material sets out, amongst other things, the transactions in question, as well as personal information regarding Mr P. Having considered the chargeback defence, I am satisfied that Zopa acted fairly and reasonably by not pursuing the chargeback further. The payment processor that Mr P’s payments went to – in this case, Monetix/MNTX – carried out their services as intended. In

other words, if Mr P, as he says, did not receive the recruitment software he paid for, this was not the fault of Monetix/MNTX, as they simply processed Mr P's payments and transferred the funds to the intended beneficiary. It follows that, to my mind, Zopa made a fair and reasonable decision not to pursue the chargeback against Monetix/MNTX further, as it had little chance of success under the relevant chargeback scheme for the reasons I have already given.

Section 75

I have considered whether Mr P's payment transactions attracted any section 75 rights. As a starting point, I think it would be helpful if I set out what the section says:

(1) 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

...

(3) Subsection (1) does not apply to a claim—

a) under a non-commercial agreement,

b) so far as the claim relates to any single item to which the supplier has attached a cash price not exceeding £100 or more than £30,000 ...

So, one of the requirements under the CCA is that there needs to be a debtor-creditor-supplier ("DCS") agreement falling under section 12(b) or 12(c).

In this case, Mr P is the debtor; Zopa the creditor; and, according to Mr P, BS5 Software are the suppliers. This relationship is the DCS chain, which needs to exist – 'unbroken' – for section 75 rights to apply. However, Mr P's payments were not made directly to BS5 Software. They were instead made to Monetix/MNTX, which carried out their services accordingly. Because of this, the DCS chain in this case is broken.

Even if it could be argued that the DCS chain is intact, there are other issues at play. Given the value of Mr P's payment transactions, only some of them could potentially attract section 75 cover. But, for those payments, I have not seen any persuasive evidence to support that a misrepresentation and/or a breach of contract has taken place, which is a requirement of section 75.

Other points

- I would not have expected Zopa to have intervened in any of the payments in this matter.
- Zopa was within its rights to debit the temporary refunds from Mr P's account after the outcome of the chargeback claim.
- I have not seen any evidence to suggest that this matter has had any bearing on Mr P's credit file. If Mr P is having difficulties with repayments, he should contact Zopa to discuss this issue further.

Conclusion

Taking all the above points together, I do not find that Zopa has done anything wrong in the circumstances of this complaint. Therefore, I will not be directing Zopa to do anything further.

In my judgment, this is a fair and reasonable outcome in the circumstances of this complaint.

MY FINAL DECISION

For the reasons set out above, 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 2 January 2026.

Tony Massiah
Ombudsman