

The complaint

Miss B has complained about the way Clydesdale Bank Plc trading as Virgin Money (“Virgin Money”) dealt with a claim for money back in relation to a property rental she paid for with credit it provided.

What happened

The facts of this case are not disputed so I’ve only briefly set them out here. In November 2024, Miss B used her Virgin Money credit card to pay to rent a residential property abroad for 11 nights through a booking agent I’ll refer to as A. In total she paid £902.99. Miss B was due to stay at the property between 3 December and 14 December 2024. Approximately £743 was for the property rental, A charged around £136 as a service fee and around £23 was for travel insurance.

Miss B says that she was left without electricity for two days due to a power outage, so she had no cable TV or Wi-Fi, the safe didn’t work and it took four days for the hosts to sort this out and a gardener attended the property during one of the days there was no electricity, so she was confined to the property itself. She also says there were broken items within the property although she didn’t collect any evidence of this.

On return from her holiday, she contacted A to complain and said the above issues severely impacted her holiday and she wanted a refund of six days as compensation. She said A refunded her the cost of two days rental but not including the other charges she’d paid. It is not clear how much A actually refunded Miss B as Miss B says the messages were exchanged with A via an online portal which is difficult to now access given the time that has passed.

Unhappy, Miss B contacted Virgin Money to make a claim saying she’d not been able to fully use the property and facilities. When she completed her dispute form, she confirmed that she’d only received a small partial refund from the merchant. As Miss B had stayed at the property for the full duration of the booking and received a small refund, Virgin Money decided not to pursue the matter via the chargeback process. It also considered her claim under section 75 of the Consumer Credit Act 1974 (section 75). But it said it didn’t look like there had been a breach of contract by A, so it didn’t uphold her claim.

Miss B decided to refer her complaint to the Financial Ombudsman. She re-iterated her earlier points. Our investigator looked into things and felt that the way Virgin Money handled Miss B’s chargeback claim wasn’t unfair. And they felt that while the issues Miss B complained about amounted to service issues from the host, not all amounted to a breach of contract by A. And in any event, being refunded two days cost of the property (which based on the costing set out in her booking form, ought to be around £135) was a fair way to compensate Miss B for the inconvenience she’d suffered. They explained that any services that was the responsibility of the host couldn’t be considered under a section 75 claim as she didn’t pay the host directly with her Virgin Money credit card.

Miss B didn’t agree and pointed out the following:

- She said she doesn't recall being refunded £135 and it may have been around £80 instead and it would be difficult for her to now locate the messages to confirm the exact amount.
- The safe not working for four days was inconvenient as they had no safe place to leave their valuables when leaving the property.
- She said during one of the days when there was no electricity, she had to stay inside the property as the gardener attended the garden.
- That staying at the property didn't mean she fully used it as without electricity nothing worked.

As things weren't resolved 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.

Firstly, I'd like to reassure Miss B, that I have considered all her concerns carefully, but I will only be dealing with the most salient parts of the complaint in this decision as I'm required to decide matters quickly and with minimum formality.

Chargeback

Whenever a consumer makes a claim for money back from their bank, businesses like Virgin Money have two potential ways to retrieve money back for consumers. A claim under chargeback and a claim under section 75. I will initially look at Miss B's claim under the chargeback process.

Under the chargeback process, Virgin Money is able to ask for a refund directly from A under specific circumstances through the Mastercard chargeback scheme. There are various reason codes that can be used. Virgin Money's role is to ensure the facts and evidence submitted are enough for it to request a refund on Miss B's behalf under a specific reason code.

It's important to note that not all disputes are captured by the chargeback rules. Some disputes simply do not entitle a consumer to request a refund through the chargeback scheme. Common reasons that enable financial businesses to request a refund include goods/services not being provided or being defective. Another common reason code is where the merchant doesn't correctly give a consumer a refund. Based on Miss B's circumstances, Virgin Money decided to not pursue the chargeback as it felt her claim didn't have a reasonable prospect of success.

The chargeback rules are prescriptive, and certain conditions need to be met before a request can be made. One of which is that the merchant refused to adjust the price or provide any sort of refund/credit. But Miss B confirmed during her submission, that A had offered her a partial refund although she didn't specify how much that was.

Additionally, in my experience of these type of cases, usually such requests are successful only when consumers cancel the service and return home rather than when staying at the property for the full duration of the booking albeit unhappily. And even then, banks can usually only request a refund for the unused duration of the stay.

So given that Miss B stayed at the property throughout the duration of the booking, and she said A did refund her some of the costs of the property, I don't think Virgin Money acted unfairly by coming to the conclusion that her dispute had no reasonable prospect of success under the chargeback scheme. I appreciate Miss B remained unhappy while staying at the property and felt she couldn't utilise all the facilities etc, but the chargeback scheme doesn't have any provisions for this.

I appreciate why Miss B was so disappointed with the outcome of her claim but based on what I've seen, I don't think Virgin Money has acted unreasonably or incorrectly. And I don't think Miss B has lost out because of anything Virgin Money did/did not do.

Section 75

I understand how disappointed Miss B must feel that her holiday didn't go as planned. But it may be helpful to explain that I need to consider whether Virgin Money – as a provider of financial services – should offer a remedy in response to her claim under section 75. But it's important to note Virgin Money isn't the supplier. Section 75 is a statutory protection that enables Miss B to make a 'like claim' against Virgin Money for breach of contract or misrepresentation by a supplier when goods or services were bought using a credit card.

But it's important to note that Virgin Money isn't A and isn't responsible for everything that might've gone wrong with A. Importantly Virgin Money also isn't responsible for responding to any failings of the hosts that provided the property.

As explained by our investigator, in order to make a claim against Virgin Money, Miss B must show that there is a valid debtor – creditor – supplier agreement (known as the DCS agreement) with the party she is complaining about before Virgin Money can be held responsible for the failings of that party.

As Miss B paid A directly, then she is able to complain about the failings of A. As confirmed by our investigator, Miss B didn't pay the hosts of the property directly with her Virgin Money credit card – so it's unlikely that Virgin Money can be held responsible for the failings of the host. So, under a section 75 claim, Miss B can only ask Virgin Money to remedy any breach of contract of A not for service issues that appear to be the responsibility of the property host/owners.

In order to uphold Miss B's section 75 claim on the basis that there has been a breach of contract, Miss B would need to evidence that A breached a term of the contract Miss B had with A – and that caused her to suffer loss. She would have to show that either, there was a breach of an express term of the contract (such as a specific written term that had been breached) or whether there has been a breach of an implied term. The Consumer Rights Act 2015 (CRA) implies terms into the contract that services must be delivered exercising reasonable care and skill.

As explained by our investigator A's role in this case was limited. A didn't provide the actual property, it agreed to make the booking, which it did so there was no breach of contract there. And under its service agreement, it clearly set out that it wasn't responsible for the day to day inconveniences experienced at the property, so consumers had to contact the property owners directly to resolve such issues. It provided examples of issues it would help with such as the property owners cancelling the booking, a major advertised facility being missing such as a kitchen or a pool or having fewer bedrooms than that which was listed. It goes on to say that if consumers want to leave due to any major failings, it will help find alternative accommodation or offer a partial refund.

The problems with the electricity and safe also appear to have been resolved during Miss B's stay, and she did stay at the property for the full duration of the booking even if she couldn't enjoy all aspects of the property for all the days she stayed there.

My concern with this case is while I appreciate Miss B is unhappy with her stay and it's obvious she experienced some customer service issues at the property, the onus is on her to prove there is a breach of contract on the part of A, which is the only instance where I could direct Virgin Money to offer a remedy. The protections offered by Section 75 is limited and doesn't require Virgin Money to offer compensation for everything that went wrong with Miss B's holiday.

I would add that even when there is a breach of contract, an appropriate price reduction, or compensation for loss of enjoyment would be a reasonable remedy. Miss B said that she was refunded two days' worth of her stay. While she hasn't been able to show how much that was, as a principle, bearing in mind she was left without electricity for two days which caused the substantial impact, this doesn't appear to be an unfair remedy, and she'd need to show she is entitled to more and why. While it may have taken four days for the safe to be repaired, it doesn't look like she was unable to use the property or the remaining facilities for those four days, so it's unlikely she'd be entitled to a refund of an additional four days due to this issue.

As explained above, Virgin Money is only liable to offer a remedy if Miss B can establish with evidence that there has been a breach of contract or misrepresentation on the part of A, that due to section 75 it is now liable to remedy. It's not liable to offer a remedy for poor customer service, not meeting a customer's expectations or for failings attributable to the host of the property.

As explained by our investigator, I don't think there's sufficient evidence of a breach of contract or misrepresentation by A, which would enable me to direct Virgin Money to offer Miss B a further remedy to what she has already been offered. While I understand Miss B is so unhappy, with section 75 in mind, based on what I've seen, I don't think there are grounds for me to uphold this aspect of her claim and order Virgin Money to offer her a remedy. And I don't think Virgin Money acted incorrectly when assessing her claim under the chargeback scheme. So, I find no grounds to uphold this complaint.

I should point out Miss B doesn't have to accept this decision. She's also free to pursue the complaint by more formal means such as through the courts.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 12 February 2026.

Asma Begum
Ombudsman