

The complaint

Mr C complains about how Clydesdale Bank Plc trading as Virgin Money handled the claim he made to it.

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

On 14 March 2024 Mr C used his Virgin credit card to make a payment to a clinic ('the supplier'). He says he paid for cosmetic treatment but didn't receive any of this because the supplier went out of business.

Mr C says he raised a refund claim with Virgin via their online form in July 2024 which it acknowledged by text but did not actually register. He says he had to chase Virgin up about the claim and it has not refunded him the amount he paid as it is '*legally obligated to do*' under Section 75 of the Consumer Credit Act 1974 ('Section 75').

Virgin said it didn't have a record of his claim but admitted that aspects of its customer service could have been better. It said it needed an opportunity to consider the claim and more evidence from Mr C to do so. It said there was no fixed timeframe for considering a claim. It paid Mr C £50 and offered him a further £100 in compensation for its service. It said it would consider his claim going forward.

Our investigator thought Virgin had acted fairly but Mr C did not. The matter was passed to me to consider for a final decision.

I issued a provisional finding which said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

I am sorry to hear about Mr C's claimed issue with the service he paid for. However, it is worth noting here that Virgin is not the supplier of the service. So when looking at what is fair I consider its role as a provider of financial services – and what it reasonably could have done to help with the information that was reasonably available to it at the time. As Mr M used a credit card to pay for the service in dispute I consider the protections of chargeback and Section 75 to be particularly relevant here.

I understand that since this complaint was raised Virgin has considered and provided an outcome on Mr C's Section 75 claim. However, my decision is not about the handling of that, more recent claim – but the handling of the original claim he raised with it.

Did Mr C raise a claim in July 2024?

I can see Mr C contacted Virgin via online chat around September 2024 unhappy that it had not got in touch with him about his claim. He said he raised the claim around two months prior and it was acknowledged via text.

Mr C doesn't have the text acknowledgement. But Virgin in its response to his complaint on 11 December 2024 appears to accept it sent him an acknowledgement of his claim via text in July 2024. Virgin says this text shouldn't have been sent as no claim had been raised. But I don't think this makes sense to me. I am satisfied a claim was raised by Mr C to have triggered the text – I don't think he would have got a text otherwise. I think the mistake wasn't Virgin sending Mr C the text – the mistake was not progressing his Section 75 claim at the time.

So, on the face of it in or around July – August 2024 Virgin should have considered the information Mr C had provided (and reached out to him for more if needed) and progressed the chargeback and Section 75 claim. Therefore, I have considered what should have fairly happened had it done so at the time.

Chargeback

At the time Virgin could have considered raising a chargeback claim for Mr C for a service not received. A chargeback is not guaranteed to succeed and depends on the specific rules of the card scheme (Mastercard here). But it can be good practice to raise and progress one in certain circumstances.

The problem from what I can see here is that Mr C had very limited information at the time about what he had bought and to show that this had likely not been received. There was no copy of any contract or correspondence with the supplier to show what was agreed and when it was due to be provided.

One of the issues with the lack of information about when the service was due to be provided relates to the chargeback timeframes (there are strict rules as to when a chargeback can be raised from when a service is provided). But that aside – a lack of information also impacts the strength of said chargeback claim in other ways.

I acknowledge the supplier appeared to have gone into administration around July 2024 and Virgin could have discovered that by a web search - but that does not mean that it was clear Mr C didn't get a service. He paid for it in March 2024 so there are several months where he might have received it before the supplier went into administration. I am not saying he did – just that it is difficult to know without a contract showing what was due to him and when. I know Mr C says this was all within a portal he didn't have access to anymore and this is not his fault. I understand the frustration, but without this information the nature of his chargeback claim is less clear.

But even if Mr C could show he hadn't received the service he paid for – the matter is further complicated by the fact that it appears the supplier was acquired by another business in August 2024 and was continuing to serve new and existing customers as a result. I can see online articles about this and information to show the clinics (including the one Mr C said he had arranged his treatment with) appear to be open and operating. It seems likely that this would have come up had Virgin either investigated or raised a chargeback at the time. If a remedy to provide a service is available it means a chargeback is unlikely to succeed in any event.

Overall, based on the apparent information Virgin had to consider at the time to show a service wasn't received or available – I think its arguable it would have been acting fairly in

not raising the chargeback. But even if it had, I can't say the information is persuasive in showing the chargeback would likely have succeeded in any event.

Section 75

Section 75 in certain circumstances allows Mr C to hold Virgin liable for a 'like claim' for breach of contract or misrepresentation in respect of an agreement by a supplier of goods or services which is funded by the credit card.

There are certain requirements that need to be met for Section 75 to apply – which relate to things like the cash price of the service or the parties contracting with each other. After considering these factors I think it is unclear as to whether Mr C has a valid claim as although he says the treatment was for him we have no contract showing who contracted with the supplier and how the service was priced. So Virgin arguably could have declined the claim on this basis.

However, even if Virgin had been able to establish a valid Section 75 claim from a technical standpoint there are further challenges in establishing that a breach of contract has occurred for similar reasons to those set out in my chargeback considerations. I know Mr C has tried to provide as much information as he can and I appreciate that – but it just isn't clear what was formally agreed and it would have made it challenging for Virgin to determine if there was a breach of contract at the time. Furthermore, even if a breach of contract could be established on the face of it – at the time of the investigation it likely would have become apparent that this breach was resolved due to the supplier acquisition shortly after by new owners.

In summary, even if Virgin had considered the chargeback and Section 75 claims nearer the time Mr C originally raised his claim, I don't think it should fairly have resulted in a different outcome, and a refund. However, I do recognise Virgin caused unnecessary frustration to Mr C by not progressing his claim nearer the time he registered it in July 2024. Mr C had to chase Virgin when he shouldn't have had to. Ultimately his claim investigation was delayed by several months as a result.

For completeness, I note Virgin has said there is no timescale for handling a claim brought to it. I don't think the lack of a specific regulatory timeframe means Virgin doesn't have to pay compensation here. It should have dealt with matters in a reasonable time – which is underlined by FCA published guidance which says 'we expect credit and debit card providers to handle section 75 and chargeback claims in a reasonable timescale'.

In considering fair compensation I note Virgin has accepted that its chat agents were not clear with Mr C at times – and he had to send information to it that he says he had already sent. It also accepts that it did not always respond to or acknowledge emails when it should have done.

Awarding distress and inconvenience is not a science. And using financial services will not always be expected to be hassle free. However, I have considered the individual circumstances here and note that Virgin has caused Mr C more than the level of frustration and annoyance expected from day-to-day life – and the impact of this has gone over and extended period. I think a global award of £200 is fair here (including what has already been paid to date). I understand Mr C has already received £50 compensation in respect of this matter – so if he accepts my decision Virgin should pay him another £150 (on the basis that Virgin has not paid any further compensation to date in respect of this matter).

My provisional decision

I uphold this complaint in part and direct Clydesdale Bank Plc trading as Virgin Money to pay Mr C £150 compensation.

Virgin responded to accept my decision. Mr C did not accept. In summary, he said that the supplier's liabilities were not acquired by the new owner and Virgin should have known this. Furthermore, he says Virgin has deliberately frustrated his claim and prejudiced his position and he should not suffer the financial consequences of this.

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.

Neither party has given me cause to change my provisional findings – which I still consider fair for the reasons already given (above). These findings now form my final decision alongside the points below:

I don't think from the information online that it would have necessarily been apparent to Virgin that the new owners were not continuing to honour existing treatments. And Mr C has not shown he had persuasive evidence of this which he could have provided had Virgin considered the claim around that time. But in any event, as I have said in my decision – there was a lack of information available to show Mr C had a valid Section 75 claim, or that there had been a breach of contract in any event.

And while I accept Virgin delayed the claim (for which it should pay Mr C compensation) I don't see where said delays have prejudiced his position as he has said. Ultimately, these delays have not prevented him from having his claim considered in the end.

Putting things right

As set out below.

My final decision

I uphold this complaint in part and direct Clydesdale Bank Plc trading as Virgin Money to pay Mr C £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 17 February 2026.

Mark Lancod
Ombudsman