

complaint

Mrs U bought air tickets through a travel company ("T Company") for herself, her husband and her nephew, using a credit card issued by Vanquis Bank Limited ("Vanquis"). She complains that:

- her nephew wasn't allowed to board a plane because the airline said his passport was damaged. As a result they incurred additional expenses, and
- after Vanquis had secured a chargeback of the cost of the air tickets, and she had closed her credit card account, the chargeback was reversed and Vanquis is requiring her to pay the debit which is now on her account.

Mrs U brings her complaint under section 75 of the Consumer Credit Act 1974.

background

When Mrs U's nephew was refused boarding by the airline, she, her husband and her nephew had to travel to the nearest British Embassy, which was in another country, to obtain a replacement passport for her nephew. The Embassy didn't consider the slight damage made the passport unusable. The process took several days and cost them a considerable amount of money. When Mrs U returned to the UK, she complained to Vanquis.

Vanquis made a chargeback against T Company, and in the meantime credited Mrs U's credit card account with the £559.42 she had paid T Company for the tickets. Mrs U closed her credit card account with a nil balance. But In September 2015, Vanquis sent her a statement which showed the £559.42 had again been charged to her account.

It said that under the chargeback procedure, T Company had shown that it had fulfilled its obligations to Mrs U under their contract by supplying the air tickets. It wasn't responsible for circumstances outside its control in respect of the passport. So Mrs U remained liable to pay the £559.42 which had now been recharged to her account, and this applied even after the account had been closed.

Our adjudicator didn't recommend that this complaint should be upheld. He said there was no breach of contract by T Company for which Vanquis was equally liable under section 75. T Company had supplied the air tickets Mrs U had paid for, and the issue which prevented her nephew from boarding the plane was something out of its control.

Vanquis had twice tried to chargeback the £559.42 Mrs U had paid for the air tickets. This amount had been credited to her account while the claim was pending. But when the claim was ultimately unsuccessful, Vanquis was entitled to debit this amount back to the account and claim it from Mrs U, even after the account had been closed.

Mrs U responded to say, in summary, that:

- they hadn't been offered alternative flights by either T Company or Vanquis,
- T Company hadn't replied to her complaint within the time it should have, and
- she didn't think it was right for Vanquis to be able to debit transactions to an account after it had been closed.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. When Mrs U complained to Vanquis, there were two issues for it to consider:

Claim under section 75

Where a customer using a credit card has a claim for breach of contract or misrepresentation against the supplier of goods or services, they will often have an equal claim against the issuer of the credit card. However, in this case, T Company has supplied its Terms and Conditions, which make it clear that it is only responsible for supplying, in this case, the air tickets. It is not responsible for incidents relating to the implementation of flights. The Terms also point out that the traveller is responsible for checking passport rules.

The airline may or may not have been at fault in not allowing Mrs U's nephew to board the plane. However, T Company fulfilled its contract with Mrs U by supplying the valid air tickets she had paid for. So there was no breach of contract by T Company for which Vanquis was liable to Mrs U under section 75. Neither T Company nor Vanquis was liable to provide alternative air tickets to Mrs U. Any delay by T Company in responding to Mrs U doesn't change this.

Chargeback

Chargeback is a procedure provided by the Visa operating system. Its rules allow a payment to be recovered from a supplier's bank in certain limited circumstances, for example if goods or services are not delivered. In this case, Vanquis twice tried to chargeback Mrs U's card payment to T Company. However, as T Company could show that it had provided the tickets Mrs U had paid for, and under its terms and conditions it wasn't responsible for the actions of the airline in refusing boarding, the Visa rules didn't allow Vanquis to recover the payment.

Vanquis had re-credited the payment to Mrs U's account while it pursued the chargeback. However, when it became clear that this wouldn't succeed, it debited her account. I agree that it was entitled to do so and recover the money from Mrs U, and this applied even after she had closed her account.

my final decision

For the reasons I have set out above, my decision is that I don't uphold this complaint, and make no order against Vanquis Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs U to accept or reject my decision before 8 April 2016.

Lennox Towers
ombudsman