

The complaint

Ms Y says that Pay Later Financial Services Limited, trading as Fly Now Pay Later, has treated her unfairly in relation to a loan which paid for flights.

What happened

In March 2020 Ms Y took out a fixed sum loan agreement from Pay Later Financial Services Limited to pay an intermediary for the arrangement and supply of flights supplied by an airline. The flight tickets were non-refundable. These international flights were due to fly in December 2020 but due to the Pandemic and government advice Ms Y decided not to go and cancelled the booking. The Intermediary said that due to the circumstances and as a gesture of goodwill Ms Y could have a credit for the value she paid. Ms Y and the Intermediary have since liaised about rebooking the flights and using this credit but due to variances in the costing of such flights the credit hasn't been utilised. Ms Y has recently been asking for a refund of the money paid as she says she can't afford to lose that money and she currently has no need for such flights.

So she complained to Pay Later Financial Services Limited (PLFS for short). It replied that the Intermediary had said to it that no refund was due, but she could rebook. So PLFS felt it hadn't done anything wrong. But Ms Y wants a refund, so she brought her complaint to this service.

Our Investigator felt PLFS didn't have to do anymore. And Ms Y remains unhappy and so this complaint comes to me for a decision.

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.

Ms Y used her PLFS loan to pay for these connecting flights (this was flights only-not a package). This meant that if certain criteria are met, PLFS can have certain responsibilities to Ms Y which arise from the relevant law, specifically, Section 75 of the Consumer Credit Act 1974 ('the CCA'). In summary, in certain circumstances, Section 75 has the effect of allowing Ms Y to hold PLFS liable for breaches of contract, or misrepresentations made in relation to the agreement made. In essence PLFS can be held responsible for a 'like claim' as that which Ms Y would have against the intermediary.

I should also add at this juncture that this decision is solely about PLFS and whether it did what it should have and whether it treated Ms Y fairly. This decision isn't about the Intermediary or the Airline, which aren't within this Service's remit for complaints about S75. I hope this crucial distinction is clear.

Section 75

There are some requirements set out in the CCA which have to be met before deciding whether there was a breach of contract or misrepresentation by the Intermediary. However I

don't think I have to decide on the required relationship requirement (this dispute meets the financial limits requirements) because I don't think it makes a difference to the overall conclusion. I'll explain why.

For PLFS to be held accountable under a 'like claim' under s75 it has to be shown that the Intermediary either breached the contract or materially misrepresented something to Ms Y which was untrue and that led to loss.

Ms Y says she couldn't use the flights due to the government restrictions that were in place. But neither of the Intermediary, the airline or PLFS were responsible for these restrictions. The Intermediary provided the services that Ms Y agreed to and paid for, namely the provision of flight information and arranging the flights purchase. Whether or not Ms Y could or couldn't fly, the restrictions were not the Airline's responsibility or the Intermediary or PLFS'. I can also see on the ticket confirmation that the flights were non-refundable. And the evidence shows that the flights took place. So Ms Y has no contractual basis to get a refund here.

I appreciate Ms Y points to the credit voucher. But this was only a gesture of goodwill, and the Intermediary told this service it was willing to help with Ms Y around the booking but noted that there would be charges liable due to Ms Y cancelling the booking. And as it was a gesture of goodwill, and that Ms Y cancelled the non-refundable tickets there is no breach of contract or misrepresentation which PLFS is liable for.

I also appreciate that Ms Y will argue the pandemic wasn't her fault and she couldn't fly because of the government restrictions. But neither the pandemic nor restrictions were PLFS' fault either. And I see no persuasive reason why it should bear the costs for these non-refundable tickets when it hasn't done anything wrong.

I'm not persuaded that PLFS has treated Ms Y unfairly here. Just because Ms Y has lost out, it doesn't mean it is fair for PLFS to cover the cost of these flights. It has to have done something wrong to make it fair that it bears this cost. And I'm satisfied it hasn't done so. So this complaint doesn't succeed.

For completeness I shall now turn to some of Ms Y's arguments. She says she's got a 'gut feel' that the Airline has refunded the intermediary. But she accepts she doesn't have any evidence of this. However I can see the Intermediary confirming it cancelled the booking and the tickets show they were non-refundable. So I'm not persuaded that the Airline did refund the Intermediary on the evidence available.

I appreciate that this isn't a decision which Ms Y wishes to read. And I appreciate that this decision will mean Ms Y's avenues for recouping the cost of the flights will be significantly limited. But this does not mean that PLFS has done anything wrong in dealing with the issues arising from this transaction. Or that it should refund her.

So all in all having considered the matter and everything Ms Y has said, I'm not persuaded PLFS has treated Ms Y unfairly. So unfortunately for Ms Y her complaint does not succeed.

My final decision

For the reasons set out above, I do not uphold the complaint against says Pay Later Financial Services Limited trading as Fly Now Pay Later. It has nothing further to do in respect of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms Y to accept or reject my decision before 8 December 2023.

Rod Glyn-Thomas
Ombudsman