

The complaint

Miss C has complained that Clydesdale Bank Plc, trading as Virgin Money ('Virgin'), didn't refund her after she cancelled her flights.

What happened

Miss C used her Virgin credit card to pay £1,506.69 for flights and transfers. She later decided to cancel these, but the merchant didn't refund her. So, she raised a claim with Virgin, for a chargeback. As she didn't hear back, she brought a complaint to our service.

One of our investigators looked into what had happened, and recommended that the complaint should be upheld. This was because the merchant had told Miss C it wouldn't be able to provide a refund until it had been accepted and processed by the airline. The sum of £47.33 was refunded to Miss C, which was for a transfer. Miss C then queried when she'd receive the remaining funds, and the merchant said it would be processed when it had been received from the airline. Our investigator felt that this suggested that a refund was being progressed. Accordingly, under the Mastercard scheme rules for chargebacks, she thought the dispute condition 'Credit not processed' would've been appropriate.

Although our investigator noted that refunds from the merchant are subject to the airline's terms and conditions, the merchant had never referred to the term:

"If the airline or the customer cancels a new flight, as modified by date and/or time, the cost of the service shall not be refunded".

As it hadn't done so, she thought there would've been a likely chance of a successful chargeback. As Virgin hadn't attempted one, she thought it had behaved unfairly, so should provide Miss C with the remainder of the refund itself.

Virgin disagreed, so the complaint was passed to me.

I wasn't minded to uphold the complaint, so issued a provisional decision explaining why. I said it was clear to me that the merchant will not process a refund until it's received from the airline. Here, it had not received a refund from the airline. I thought it was highly unlikely to now, given that two years have passed, and given that the airline's terms and conditions don't allow for a refund in the circumstances of this case.

I also looked at whether the merchant had agreed to provide the refund, and I didn't agree that it had. I understood that Miss C's interactions with it would have given her hope she'd receive a refund, but I didn't think there's enough to say it had definitely been agreed. It was always clear the merchant would require the funds to be received from the airline first.

The chargeback scheme is voluntary. That said, we'd expect a business to attempt one if there were a reasonable chance of success. For the reasons given above, I didn't think there was a reasonable chance of a chargeback being successful.

I could see that Virgin had offered Miss C £75 for the inconvenience caused. I agreed this

was fair, given its initial lack of response.

Neither party responded to my provisional 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.

As neither party made further submissions, I see no reason to depart from the findings I made in my provisional decision.

My final decision

For the reasons given above, it's my final decision that the £75 compensation Clydesdale Bank Plc, trading as Virgin Money, has offered is fair. I leave it to Miss C to decide whether to accept it, if she hasn't already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 5 September 2023.

Elspeth Wood
Ombudsman