

The complaint

Mr O complains that he isn't responsible for his debt with Clydesdale Bank Plc trading as Virgin Money (Virgin).

What happened

Mr O opened a credit card account with Virgin in September 2016 with a limit of £6000. He transferred a debt to it on an interest free offer. In March 2017 he missed a payment. Interest started to be applied. In November 2019, he stopped the direct debit for payments. In September 2020, the debt was sold to a debt collection agency (DCA) with the balance £5672.03.

Mr O complained that he wasn't aware of the debt as he'd asked for paper statements on the phone - and these hadn't arrived. He wasn't computer literate so couldn't access the online statements. He wasn't aware the debt was to be passed to a DCA. He disputed the debt was as much as £5672.03 – as he'd made total payments of £5894.18 up to November 2019. He wanted a refund of all fees and interest paid. He said he wasn't aware the debt was to be sold to a DCA.

Virgin said online statements were automatically set up when the account was opened. And, monthly emails had been sent to Mr O to say they were available to view. They found no evidence to say Mr O had asked for paper statements. He had been sent various letters to make him aware of the position on his account. A Notice of Default was sent in June 2020, with the arrears at £789.01, due by 16 July 2020. Mr O cancelled his direct debit in November 2019, so his account fell into arrears. Their terms and conditions included their right to sell the debt to a DCA.

Mr O brought his complaint to us. Our investigator said Mr O was made aware that statements would be online versions when the account was opened. Virgin had no record of any requests for paper statements. A monthly email was sent to the email address shown in Mr O's application – to say they were available to look at. Interest was applied to Mr O's account from March 2017 because he missed the payment in that month. And Virgin sent Mr O three missed payment letters in March 2017, August 2017 and February 2018 – so he should've been aware something was wrong then. On the sale of the debt to a DCA, this was contained in Virgin's terms and conditions. Overall, he said that Virgin had acted reasonably.

Mr O asked that his complaint be looked at by an ombudsman.

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.

Mr O says he can't be held responsible for the debt - as he didn't know what was going on because Virgin didn't send him paper statements, as he'd asked for. He didn't see the electronic versions as he wasn't computer literate. The interest and fees applied weren't

therefore fair. He told us he can't understand how the debt is so high – when he'd made monthly payments totalling £5894.18 since the account was opened in 2016 up to November 2019. He says it was unfair to sell his debt to a DCA without any notice or communication.

The key issues here are:

- Should Mr O have been aware of the balance of his account?
- Was the balance of the debt correct?
- Could Virgin sell his debt to a DCA?

Balance of Account - Statements

It's correct that online statements were part of the account opening process in 2017 – I've seen that on Mr O's application. So, he should have been aware of that. I've also seen that he was sent monthly emails from then until September 2020 (when the debt was sold) to say his statements were available to look at online. And Virgin have shown proof the emails were delivered. They can't say whether the statements were opened however.

Mr O says he called Virgin many times to ask for a paper statement, but they didn't arrive. I've seen that Virgin have no record of such calls. I've listened to Mr O's call in January 2020 and on that he says he's asked for a statement in November 2019. I've listened to Mr O's call made in November 2019 – and there wasn't a request for paper statements. That's the only call Virgin have a record of in that month. Two other calls – in January 2020 - do not ask for statements. Mr O's wife called in January 2020 and February 2020 – I've also listened to these calls and she simply makes two payments of £75 and £90.

On the call on 16 January 2020 – Mr O was advised that his balance then was £5238.7 – and then he agreed to pay £267.46 by 20 January 2020 – but he didn't.

Mr O says he stopped his direct debit in November 2019 – because he wasn't getting statements. But that just had the effect of making the account go into arrears and increasing the interest being applied.

I've seen that Virgin sent Mr O several letters – to his home address – during the period – on 17 March 2017, 17 August 2017 and 18 February 2018. These told him about late payments and that fees were being charged as a result – so he could've then realised there was a problem and acted.

In March 2020, Virgin sent him a letter to recommend he increase his repayments – because interest and fees were more than his repayments. Later, Mr O was sent a Notice of Default in June 2020 – showing the arrears of £789. So again, he should have been aware of his situation then.

So – overall, I think it's reasonable to conclude that Mr O should've been aware of his debt to Virgin over the period.

Amount of Debt

I've seen Mr O's statements, and a list of all the payments made since the account was opened. This has also been sent to him by our service. Virgin have recorded all the payments Mr O made. The problem may have arisen because Mr O wasn't taking into account the interest and fees being applied to the account. Because he missed a payment in March 2017 – interest started then. Virgin's terms and conditions enable them to do this as they say: "*We may offer you promotions. If we offer a promotion, we will tell you the promotional rate and any fees, how long the offer period lasts for and any other information*"

relevant at the time. If you have a promotional rate on your account, this will be shown on your statement in the tables above. If we do not receive the Minimum Payment when it is due or you go over your credit limit, we will withdraw the promotional rate with effect from the start of that statement period. When a promotional rate ends or is withdrawn, we charge the current standard interest rate that applies to that transaction."

And – when he stopped his direct debit in November 2019 – that meant that interest also increased as the debt increased because payments were missed. So, I can see that the amount of the debt owed when the debt was passed to the DCA (£5672.03) was correct.

Transfer of debt to a DCA

I agree with our investigator – that Virgin's terms and conditions give them the right to pass Mr O's debt to a DCA for collection. They say: "*.. Can this agreement be transferred? ...We may transfer any, or all, of our rights and obligations under this agreement to any other person or business. If the arrangements for servicing your account will not change as a result, we may do this without notice. If they do change we will tell you. We may also arrange for any other person or business to carry out our obligations under the agreement. Your rights will not be affected.*" This added to the extent of the arrears of £789.01 (in June 2020) means that it was reasonable for Virgin to transfer the debt to a DCA.

So, and I can see that Mr O will be disappointed by my decision, but I won't be asking Virgin to do anymore here. Mr O should now contact and engage with the DCA to agree how to repay his debt.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 5 July 2021.

Martin Lord
Ombudsman