

## **The complaint**

Miss L complains that Clydesdale Bank Plc trading as Virgin Money (VM) charged the £160 annual fee to her Virgin Reward+ credit card without notice, and were then unfair in refusing to refund the fee. She also complains that it gave her poor service when she was trying to resolve the issue.

## **What happened**

Miss L had a Virgin Reward+ credit card, which gave air-miles reward points whenever it was used. It had a £160 annual fee.

Due to the coronavirus pandemic, Miss L decided she was unable to take advantage of the air-miles, so thought a card with a lower, or no annual fee, would be more suitable.

Miss L contacted VM in September 2020 and explained she was looking to cancel her card as she couldn't make use of the air-miles. VM told her the £160 fee would renew on 6 February 2021 and she'd need to pay off the card in full and close the account before this date.

On 7 February 2021 VM charged the £160 annual fee to her account. Miss L complained, and asked VM for this to be refunded as she had told it in September 2020 that she wished to cancel her card. VM said it couldn't refund the fee as transactions had since been made on the card. Miss L explained the transactions were only small and were automatic subscriptions she'd forgotten to cancel. VM maintained it wouldn't refund the fee. Miss L asked for a copy of her contract to be sent to her.

In its final response to her complaint, VM said the terms and conditions of the card account showed the annual fee would be added at the anniversary of the opening date, and confirmation of the annual fee was included on each statement. It said that during her call in September 2020 it had told her when the fee would be due and that she needed to clear the balance and close the account before the fee was charged. So VM said it was unable to refund this.

VM also told her that the reward points process was explained within her pre-contract agreement. And having checked her account it could see that she'd benefitted from all the bonus points she was entitled to receive.

VM did however acknowledge and apologise for the problems Miss L had experienced in trying to speak to the right person on its telephone system while trying to resolve her complaint, and that she hadn't been sent a copy of her contract as she asked. It agreed to send the contract, and said it would pay her £30 compensation for the problems she'd experienced.

Miss L wasn't happy with this response so complained to our service. She said, in summary;

- She'd told VM in September 2020 that the card wasn't suitable, and so it shouldn't have taken the £160 annual fee in February 2021.

- VM hadn't given her notice it was going to take the annual fee, nor had it given her advice on how to cancel the card.
- VM had given her poor service with the length of time it took to resolve her complaint, the difficulties she'd had when trying to call it, and how it hadn't sent a copy of her account contract as it said it would.

Our investigator didn't think VM needed to do anything more than it had already. He thought VM had done enough in making Miss L aware that the annual fee would be charged in February 2021. He also thought VM were fair in not refunding the fee, as Miss L had not contacted it to cancel the card prior to the fee being charged, and because she'd used the card since. And he thought the £30 offered for the service issues Miss L had experienced was reasonable in the circumstances.

Miss L didn't agree. She said, in summary:

- She'd still not been provided with a copy of her contract.
- It was unfair if VM relied solely on emails to send her information as this could easily be missed.
- She'd not received the £30 VM said it had sent her.
- No financial institution should be allowed to make the process of annual card payments so ambiguous and complex.
- She'd offered to pay off in full the transactions made after the fee was charged as these were the reason VM had used when it refused the refund.

VM responded by saying Miss L had been provided a copy of the terms and conditions of the account when she opened it. In this it had been made clear when the annual fee would be taken.

As no agreement could be reached the matter has come to me for a final 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.

Having done so, I agree with the opinion of the investigator, for largely the same reasons.

Miss L signed up for the VM credit card in February 2019. She's said it was attractive as it would give her reward air-miles when she used it. And I've seen a copy of the terms and conditions of her account, which show the fees and charges associated with it, along with the reward air-miles. So I'm satisfied Miss L knew there was a £160 annual fee for the use of the card.

But given the coronavirus pandemic in 2020 Miss L found she was unable to fly, so she understandably didn't want to continue paying the annual fee for a card which gave rewards she didn't think she could use. So Miss L called VM in September 2020, and our service has been given a recording of this call. She explained she had been trying to cancel the flights she'd booked with the air-miles as she couldn't use them. And was looking to cancel her card. Miss L asked VM when the £160 fee renewed and when VM would be taking it.

VM told Miss L the fee would be renewed on 6 February 2021, so she would need to cancel the card before this date. It went on to explain she'd need to pay off the card in full to do this. Given Miss L specifically asked when the next fee would be taken, I think it likely that she

was planning to use the remaining period of the current contract and use her card as normal up to when the fee would be due. And then to cancel her card before the fee was charged.

Miss L has told our service that VM charged the fee without prior notification, so should refund the fee as she'd told it she didn't need the card anymore. But I don't agree with her here. I'll explain why.

As I've said above, I think it most likely that following her call to VM in September 2020, Miss L planned to cancel her card prior to the next fee being taken in February 2021, and I'm satisfied that she was told in the call when this would happen. But VM have also shown that it sent Miss L an email on 7 January 2021 in which it gave information about the annual fee, and that if she didn't wish to pay it she would need to close her account. Miss L has told us that she never received this email, but I think it was more likely than not sent. I think this because VM have shown us the email address used matched what we have on record for Miss L, and it has a delivered report from its servers, dated the same day.

So although Miss L says she didn't receive the email, I'm satisfied VM probably sent it correctly. And given she was also verbally told in September 2020 the date the fee would renew, I'm satisfied that VM had done enough to ensure Miss L was aware of it. But unfortunately, I think it is likely that Miss L forgot to cancel her account as she had planned. As she hadn't done so prior to the anniversary of it being opened, I'm satisfied that VM were entitled to charge the annual fee on 6 February 2021, and I cannot reasonably hold VM responsible for Miss L not closing the account.

But I also need to be satisfied that VM were fair when it refused to refund the fee when asked to by Miss L. And I think it was. Had Miss L not used the card at all once the fee was charged I might be minded to think VM should refund it, but I can see from her account statements that the card was used seven times after the fee was charged. And although Miss L has said these were all automatic subscriptions that she'd forgotten to cancel, she has still had the benefit of the use of the credit card. So I can't say that VM were unfair and so won't tell them to refund the £160 fee.

However, I can see how Miss L would've found it frustrating that she wasn't sent a new copy of her account contract, despite asking several times. And VM have acknowledged that she had problems trying to navigate its telephone system to talk to the department she wanted to. So I can see VM could've done better here, and its apologised for the poor service it provided. It has offered Miss L £30 in recognition of the inconvenience it has caused her. And having looked closely at what has happened I think this amount is fair, and is generally in line with the type of award we'd expect a business to make in these circumstances. VM has said the £30 cheque it previously sent to Miss L hasn't been cashed so it has been cancelled.

### **My final decision**

I require Clydesdale Bank Plc trading as Virgin Money to pay Miss L £30 in recognition of the distress and inconvenience it has caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 14 April 2022.

Chris Riggs  
**Ombudsman**