

## **The complaint**

Mr L is a sole trader, trading as A. He is unhappy that Clydesdale Bank Plc (trading as Virgin Money) removed the overdraft facility from his business current account without any notice.

## **What happened**

In March 2020, Mr L was granted an overdraft facility of £10,000 which was due to be reviewed on 30 September 2020. Mr L says he assumed the overdraft facility would automatically be renewed since he hadn't heard from Virgin Money requesting further information.

Mr L says he received a call from Virgin Money on 30 September 2020 casting doubt on the continued availability of the overdraft facility. But since the call wasn't from his relationship manager, he got in contact with them. He says his relationship manager apologised for the lack of discussion and notice. He was also reassured by phone and in email exchanges that the overdraft facility would be renewed.

Despite this, Virgin Money told Mr L on 2 October 2020 that they weren't renewing his overdraft facility and wanted to discuss repayment proposals. Unhappy with this Mr L raised a complaint.

Virgin Money said Mr L wasn't using the overdraft facility for general business purposes as there were gambling transactions on the account. They apologised for the service they gave to Mr L as there was confusion around the potential renewal of the overdraft facility.

Our investigator said Virgin Money were able to decide to withdraw his overdraft facility and didn't need to give Mr L 30 days' notice before doing so. Mr L disagreed and asked for an ombudsman's 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.

Virgin Money sent Mr L a letter on 30 March 2020 with an offer of an overdraft facility of £10,000. The overdraft terms and conditions enclosed within the letter and the business current account terms and conditions applied to this offer.

The terms and conditions of the overdraft facility say:

*“3.1 All amounts outstanding under or in respect of the Facilities are repayable on demand. If the Bank makes a demand for any Facility, all Facilities will be immediately cancelled.”*

*3.2 The Bank may also, at any time, (1) review each Facility and/or (2) cancel all or any part of any Facility by notice to the Borrower. It is the Bank's present intention that each Facility will be reviewed on or around the review date for such Facility specified in clause 1.*

*3.3 On (1) any demand by the Bank for repayment of any Facility or (2) any Facility being cancelled all amounts outstanding under and in respect of such Facility will be immediately due and payable..."*

The business current account terms and conditions say:

*"Unless we have specifically agreed otherwise with you, we may require you to repay your overdraft in whole or in part at any time. We can also reduce your overdraft limit at any time. If we demand repayment or reduce your limit, this will usually be due to a change or anticipated change in your circumstances. Where this is not the case and if we can reasonably do so without negatively impacting our ability to collect any amounts outstanding we will give you at least 30 days notice before making the change. If we reduce or remove our limit and you subsequently make requests for Unplanned Borrowing with regard to your revised limit, you will have to pay our unplanned borrowing fees and/or charges for returning items unpaid."*

Based on this, I think it's reasonably clear that Virgin Money are entitled to demand the repayment of the overdraft facility and/or cancel it in full or in part at any time. So, I'm satisfied Virgin Money acted in line with the terms and conditions when they withdrew Mr L's overdraft facility and asked for repayment.

Virgin Money have explained they didn't renew Mr L's overdraft facility due to the gambling activity on his account. I've looked at Mr L's bank statements and it shows several transactions to a gambling company.

I appreciate Mr L says he wasn't gambling but instead he was investing in financial markets. Whilst this may be the case, it's wasn't unreasonable for Virgin Money to view these transactions as gambling given that payments were being made to a gambling company.

In any event, the terms and conditions clearly specify that Mr L can only use the overdraft facility for general business purposes. This means Mr L can't use the borrowing for investment purposes.

Virgin Money were within their rights to cancel the overdraft facility without the 30 days' notice, given that transactions of this nature – whether they were gambling or investment, would likely negatively impact their ability to collect the outstanding amount.

Overall, I'm satisfied Virgin Money haven't treated Mr L unfairly when they cancelled his overdraft facility without the 30 days' notice. It follows that Virgin Money aren't responsible for the financial loss Mr L says he's incurred as a result.

Virgin Money have already accepted the service they gave Mr L could've been better due to confusion on the potential renewal of the overdraft facility. I appreciate being given conflicting information would've been confusing and frustrating to Mr L. His expectations and hopes were raised too.

I've also taken into account that Virgin Money rectified the situation quickly. They contacted Mr L on 2 October 2020 to clarify their decision not to renew the overdraft facility – which was within a couple of days from the review date. This means the impact on Mr L wasn't prolonged.

Virgin Money also apologised which I think is enough to put things right here for the level of service he received. I'm satisfied Virgin Money have resolved this aspect of the complaint fairly and I won't be asking them to do anything else.

### **My final decision**

For the reasons given above, my final decision is that I don't uphold this complaint.

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

Ash Weedon  
**Ombudsman**