

## **The complaint**

Mr B complains that Clydesdale Bank PLC (trading as Virgin Money) gave him incorrect information about his credit card payments and provided poor customer service.

## **What happened**

Mr B says that when he made a one-off manual payment on his credit card he specifically asked whether there was anything else he needed to do. He says he was told a direct debit had been set up for the following month and there was nothing else he needed to do. Mr B says this didn't happen and he found out when he received a succession of late payment letters. He says it took multiple phone calls between November 2021 and February 2022 to get it addressed and in the meantime his credit file had been adversely affected and he'd been refused credit as a result.

Virgin Money accepted that Mr B was incorrectly told his direct debit would continue and that its reinstatement was not actioned correctly. It said it refunded his credit card fees and removed the late payment marker from his credit file. Virgin Money also acknowledged the poor customer service Mr B received and offered him £100 compensation.

Mr B said the £100 offered was insufficient.

Our investigator recommended the complaint should be upheld. He considered there had been many avoidable errors over several months which caused Mr B distress and inconvenience. For that he recommended compensation of £500.

Mr B accepted this outcome.

Virgin Money responded to say, in summary, that £500 is not in line with the usual level of compensation awarded by this service.

## **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 B first became aware of an issue with his account on 9 October 2021 when he called Virgin Money about a missed payment from his credit card. As a result, he made a manual payment the same day. He was told that his direct debit would be reinstated for the November statement, but this did not happen and he was charged a late fee and began to receive letters about arrears.

When Mr B called Virgin Money it refunded the late fee and interest, but again the direct debit failed in December, so Mr B incurred a further late fee. The direct debit was successfully taken in January, by which time Mr B had made several calls and received multiple letters about arrears. He also received a late payment marker on his credit file.

I accept Virgin Money has refunded the late payment fees, amended Mr B's credit file and now offered higher compensation of £250, but I consider more redress is appropriate in the circumstances. I say that because:

- It took over three months for Mr B's credit card statements to reflect the direct debit he'd set up and for all the late fees to be refunded;
- In the meantime, he was unable to use his card and his credit file showed a late payment marker for December 2021;
- I can see that, as a result of this complaint, Mr B spoke to Virgin Money at least 12 times between October 2021 and April 2022 with the total call time exceeding three hours and promised call backs not materialising.

So I find that, based on all the evidence I have reviewed, compensation of £500 is fair and reasonable.

Finally, I acknowledge Mr B says he was refused credit during the time in which he had a late payment marker on his credit file. However, I've seen no evidence that this marker directly affected any of Mr B's credit applications, so I don't find it is reasonable to award anything further here.

### **My final decision**

My decision is that I uphold this complaint. Clydesdale Bank PLC (trading as Virgin Money) should pay Mr B £500 for the stress and inconvenience its mistakes have caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 28 February 2023.

Amanda Williams  
**Ombudsman**