

The complaint

Mr B complains that Clydesdale Bank Plc trading as Virgin Money (Virgin) didn't support him.

What happened

Mr B had a credit card from Virgin. In June 2020 he had a limit of £12,700 and the balance was then £7,679. Mr B's self-employed income was affected by the pandemic and in April 2020, Virgin agreed to a three-month payment holiday under the FCA's pandemic support scheme. This was then extended by a further three months in July 2020. In line with the scheme, interest was charged but no payments were made. In December 2020, Virgin agreed a 30-day breathing space arrangement – so no payments were needed for a month. Virgin asked for an income and expenditure form. This wasn't returned by Mr B.

Throughout, there were problems as Mr B failed Virgin's security checks when he called – or when Virgin called him. As a result of the failed security checks, Virgin blocked Mr B's account – and it remains blocked. No payments were received so that on 4 May 2021, Virgin sent Mr B Notices of Sums in Arrears in February 2021 and March 2021. And then sent a Default Notice which asked for the payment of £1,313.07 by 1 June 2021. Mr B complained to Virgin in April 2021 and then brought his complaint to our service in July 2021. No payments have been made pending the outcome of his complaint, but interest has continued to be applied – and as at September 2022, the balance is £11,955.78 and the arrears totalled £5,797.37.

Mr B complains that Virgin didn't support him when he was in financial difficulty. He had difficulty getting through security each time he tried to speak to Virgin and so no meaningful way forward could be agreed. He had difficulty in speaking to Virgin as he was a lorry driver and couldn't take or make calls easily. He said a call-back was arranged for a Saturday in October 2020 to discuss his situation. Virgin didn't fulfil that – and he says if they had done, everything would've been different. He said he sent Virgin his ID&V documents in April 2021 to get verified so he could speak to them, but this hadn't worked either. He said he was vulnerable – he had suffered a big decline in income through Covid. His personal circumstances were also very bad. He had gone through a painful divorce and often slept in his car or office.

Virgin said it was unfortunate that Mr B couldn't get through security procedures but they were there to safeguard customers and prevent fraud. They said they couldn't relax these. They couldn't identify that a call back had been arranged in October 2020, but accepted Mr B's version of events and for that, paid compensation of £200.

Mr B brought his complaint to us. Our investigator said Virgin acted reasonably. He felt that Virgin had supported Mr B by way of the payment holidays. But after that, he accepted that Virgin didn't consider that Mr B was vulnerable – and therefore didn't think that an interest-free arrangement needed to be applied to Mr B's account from February 2021.

Mr B didn't agree and asked that an ombudsman look at his complaint.

I issued a provisional decision where I said:

We have a situation here where – because no payments have been made since March 2020, and because there has been a hold on any action by Virgin since Mr B brought his complaint to us in July 2021 – the balance on his account is significant (£11,995), as are the arrears (£5,797.37). Interest has been building up since the start of the first payment holiday in April 2020 – and it hasn't been paid. So - this is a serious situation – and to leave it without a way forward isn't in anyone's interest – neither Mr B nor Virgin. So - this provisional decision seeks to resolve matters.

It's clear that Virgin did support Mr B when his income was affected by the pandemic. In April 2020, The Financial Conduct Authority (FCA) announced guidance to lenders in response to the effects on customers of the COVID-19 pandemic. All lenders, including Virgin, had to put in place 'payment holidays' on many credit agreements, including credit cards – to help customers who were affected. Customers could ask for a total of two payment holidays each of three months – whereby payments could be suspended. Missed payments would not be reported to credit reference agencies, although interest would still be debited to the accounts. This support was provided by firms up to the end of October 2020.

I can see that Virgin gave Mr B two payment holidays totalling six months – through to October 2020. Interest was still debited to his account in line with the scheme. After that time, businesses continued to have an obligation to treat customers in financial difficulty sympathetically and the Financial Conduct Authority (FCA) says that businesses like Virgin should treat customers in difficulties with forbearance and due consideration. For example, a business might suspend or waive interest, accept lower payments, or defer them, and allow customers more time to repay their debt.

Mr B has said that he had arranged an appointment with Virgin for a Saturday morning in October 2020 – to discuss his situation. Virgin – in their final response - said they found no record of that. But I have seen in their notes that an appointment was arranged for 24 October 2020 at 11.30am. There are no notes of any such conversation having taken place – so, I assume the call didn't happen – this is what Mr B has testified. Mr B has said that if Virgin had called him as promised, things would've worked out differently – as an arrangement would've been agreed upon. Obviously, it's not possible for me to say if that would've been the case or not – but it's unfortunate that Virgin didn't fulfil the appointment.

After that time, Virgin sought to support Mr B in line with the guidance for customers in financial difficulty - and gave him a 30-day 'breathing space' in December 2020 – and sent him an income & expenditure form to complete. They did that so they could assess what longer term support he needed. That was a reasonable thing to do – but unfortunately, he didn't return the form or contact Virgin about it at that time.

Mr B has said he failed Virgin's security checks and so couldn't speak to them. I've seen that was the case on several occasions. I'm not going to interfere with Virgin's security processes – that's not our role. But the result was that Mr B's account was blocked – so that no meaningful conversations took place. I can see that in April 2021, Mr B sent in ID&V documents to try to establish his credentials, but Virgin admit these were not acted upon and were sent to the wrong department. And so – the log jam appeared to continue.

I then looked at Mr B's complaint letter to Virgin in April 2021. It described how stressful the debt had become for him; he couldn't sleep at night; his marriage had failed; he was sometimes living in an office or sleeping in his car. I then reviewed Virgin's notes on Mr B's account and in February 2021, they recorded "*counselling, poor mental health...queued to vulnerable...separated from toxic marriage...lives in an office...things are dire. Please work in vulnerable...*". I have seen that there was some debate between our investigator and Virgin about whether Mr B was vulnerable or not – but for me, it is clear he was and that

Virgin were made aware of that in February 2021 – and certainly by April 2021. This would've meant that he should've got appropriate support from that time in the form of a payment plan with zero interest – in line with the guidance I have quoted.

On the other hand, Mr B hasn't helped himself – by not returning the income & expenditure form; and in all honesty – not trying to deal positively with his debt, or Virgin, since that time. And so – we have a situation here which needs dealing with in a fair and reasonable manner; recognising there were errors on both sides.

It seems to me fair to say that Virgin should've realised that Mr B was vulnerable in February 2021 and needed support then. I (and Virgin) don't have the benefit of an income & expenditure form – so we can't be confident about Mr B's circumstances as they were then. But it seems likely, on the balance of evidence, that if a meaningful conversation had taken place, then Mr B would've been supported with a payment plan with no payments; and at zero interest. And therefore, I am asking Virgin to re-work Mr B's account to remove the interest applied since February 2021 – and then contact Mr B to agree a mutually acceptable repayment plan for the remaining debt.

It is also Mr B's responsibility to engage meaningfully with Virgin to make this happen. This will include responding to Virgin's requests for information from him (e.g. an up to date income & expenditure form) and to take time out from his job to speak to Virgin and ensure a viable payment plan is agreed. The terms of this will depend on what Mr B's circumstances are - i.e. whether it is interest-free or at a commercial interest rate. That is for Virgin to decide, having regard to the FCA's guidance on customers in financial difficulty.

I have considered whether a payment of compensation to Mr B is appropriate – and I don't think it is – because as I've explained, I think he should bear some responsibility for what has happened.

I hope that both Virgin and Mr B will see this as a practical way forward.

Responses to the provisional decision:

Virgin didn't respond. Mr B agreed with the provisional decision and made some further comments about his personal circumstances that led to his vulnerable situation.

I now need to make 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.

Virgin didn't reply. And Mr B reinforced what his personal circumstances were – and I had already reflected those in the provisional decision. And so – my final decision is the same as the provisional decision.

My final decision

I uphold this complaint. And Clydesdale Bank Plc trading as Virgin Money must:

- Re-work Mr B's account to remove debit interest from 1 February 2021.
- Contact Mr B to agree a mutually acceptable repayment plan for the remaining balance – having regard to Mr B's current personal circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 December 2022.

Martin Lord
Ombudsman