

## **The complaint**

Mrs B complains that Clydesdale Bank Plc trading as Virgin Money didn't do enough to protect her from fraud on her credit card account leading to financial loss, inconvenience and ongoing stress.

## **What happened**

Mrs B explains that on 29 April 2022 she contacted Virgin Money following suspicious calls about her account. She later received an email saying that her details had been changed and her card registered with a mobile phone digital wallet. She called Virgin Money again and was assured that the attempted fraud had been dealt with and a new card ordered. But she found out on 14 May 2022 when in the process of making a mortgage application that the account was near the limit due to fraudulent payments. Mrs B says she had to make a further mortgage application and believes that the amount she was able to obtain was reduced by £10,000 as a result of what happened. She wants to be compensated for this and for the number of calls she made to Virgin Money. And because it didn't respond to her complaint.

Virgin Money accepted that it had made mistakes. It hadn't removed the registration for mobile phone payment during Mrs B's second call on 29 April 2022. That meant that the new card it ordered for Mrs B was automatically loaded to that, and the fraudster was able to use this. It said that corrective action was taken following Mrs B's call on 14 May 2022 and all entries removed on 15 and 16 May 2022. Virgin Money said that there were a number of factors that would affect the amount available through a mortgage and that it can't be responsible for the decisions of other financial businesses about this. It also said that there was a daily limit for making payments by telephone of £750 when Mrs B wanted to repay her own borrowing.

Virgin Money accepted that it hadn't responded to her complaint in the required timescale, and this resulted in her contacting this service. And that Mrs B had experienced long call waiting times and generally poor service. The errors had caused her distress and inconvenience. So, it offered her £400 to compensate for what happened.

Our investigator didn't recommend that Virgin Money do more than it had offered to. He wasn't able to say that the lower mortgage amount available to Mrs B was because of these transactions. It was up to Virgin Money to set processes around the payment of Mrs B's bill. But it had caused her distress and inconvenience and he thought the offer to compensate Mrs B was reasonable.

Mrs B didn't agree and wanted her complaint to be reviewed. The compensation wasn't acceptable, and she'd not been able to step away from this for six months. She tried to stop fraud on her account and there'd been no due diligence from Virgin Money. And it was talking to the fraudster as if it was her and had allowed mobile phone card payment to be set up. There had been two hard searches on her credit file. And there were now extra hoops to go through as she had a CIFAS protective registration. Mrs B said she was in personal debt for spending to make her house safe and which she'd expected would add value when she applied for the mortgage. And she'd received £250 in compensation for a minor issue before

so the amount here was too low.

### **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.

I'd asked our investigator to contact Virgin Money about the compensation and it offered to increase this to £700. And our investigator put this to Mrs B for her comments. She said that she wasn't pleased with this, and she'd had to proceed with work on her house as things had been ongoing for so long. Virgin Money didn't act to resolve her complaint. And she said that no less than £1,000 would be sufficient and even if this were paid she'd think that the ombudsman hadn't protected her as a customer. Mrs B emphasised the number of calls she'd made and emails she'd sent about things. She said she was 'left completely in the dark for months.' A payment of £1,000 would go towards some of the debt created and was the least that could be done. She'd hoped that she'd be able to deal with this without further pursuing a subject access request (SAR). Generally, she didn't feel that what was now offered was sufficient.

I consider I now have a good understanding of Mrs B's position on the complaint and the compensation offered and can fairly make a decision. I need to say that we provide informal dispute resolution and consider information and submissions from both parties to a complaint.

Many of the key elements around what happened here aren't in dispute. A persistent fraudster clearly attempted to gain access to Mrs B's account on 29 April 2022 having also contacted her. Mrs B took all the action she could to prevent fraud by contacting Virgin Money. And by showing that her account had been taken over. Virgin Money didn't remove mobile phone card payment from the account, and this meant that a replacement card number was available for use by the fraudster. That was a clear mistake and allowed the fraudulent payments. Virgin Money doesn't disagree that it provided poor service and that Mrs B made multiple calls. For reasons which aren't clear having acknowledged her initial complaint on 6 May 2022 it didn't issue a final response until 18 October 2022. But Mrs B had already contacted this service on 12 July 2022, and we then started to ask Virgin Money about her complaint.

Mrs B has shown that there were hard credit searches to her credit file on 18 May 2022 and 30 May 2022. She wasn't able to get the amount of mortgage she'd anticipated during either application. In the first her Virgin Money account was close to the limit and there was already a related hard search by the time she made the second application. She believes this has affected the amount of money she was able to obtain, and which was essential for important household renovations due to start in early June 2022.

I'm afraid that it's not possible here to say that's right and whether she would otherwise have been able to obtain a higher mortgage amount. There isn't information from another involved financial business to support that. There would be a number of factors a potential lender would take into account when making its own decision. And so, I don't have a reasonable basis to hold Virgin Money responsible for the lower mortgage amount Mrs B says she was able to obtain. While I understand the position she's been in and her having to obtain alternative finance to complete essential renovations I don't consider that's been shown to have been caused by Virgin Money's actions.

Mrs B has received poor customer service and explains that she'd been passed between agents who couldn't help and been on long waiting periods. She has suffered distress at being the victim of fraud and this has been down to the actions of Virgin Money despite her

alerting it to what had happened. She has had to wait a significant period for Virgin Money to respond to her complaint. I note what she's said about the SAR and can see that Virgin Money said it responded to her on 8 June 2022 and this it says was again sent with the final response letter. In view of what were persistent attempts to defraud her I don't see that a protective marker would be inappropriate and there is reference in the information from Virgin Money about her being asked if she wanted this to be added or not. The level of repayments that can be made by phone I agree is a matter for Virgin Money to set.

This service doesn't make punitive awards. We publish guidance about compensation which I've taken into account. And we don't tend to make awards for units of time spent. The reason I asked Virgin Money to reconsider its position was largely because I didn't think it had taken into account that Mrs B made a further mortgage application. Having noted that and the distress caused and poor service I consider that the offer of £700 to resolve this complaint is reasonable. I know Mrs B is disappointed by this, but I find that this is the fair resolution to her complaint.

### **My final decision**

Virgin Money has now offered to pay Mrs B a total of £700 to resolve this complaint which I think is fair in all the circumstances. So, my decision is that Clydesdale Bank Plc trading as Virgin Money pay Mrs B a total of £700 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 8 March 2023.

Michael Crewe  
**Ombudsman**