

The complaint

Mr B complains that Clydesdale Bank Plc trading as Virgin Money (“Virgin”) failed to refund a transaction he didn’t recognise and provided poor service.

What happened

Mr B noticed a payment had left his credit card that he didn’t recognise and raised it with Virgin and the merchant who took it. The payment was linked to an insurance business.

The merchant declined to deal with Mr B because they had no record of him, so Mr B was left to raise it with Virgin, which he did in August 2022. At the time, Mr B also registered a complaint with Virgin and the Financial Ombudsman Service. The payment was for £33.98 and various letters and calls were exchanged between them over the following months.

At the same time, Mr B had also raised another dispute concerning an unrelated transaction which Virgin were also dealing with. After about two months, Virgin asked Mr B for evidence concerning the payment he’d disputed and gave him until 11/11/22 to provide any further information.

Virgin hadn’t received any response and wrote to Mr B on 14/11/22, closing the dispute, but they also told Mr B that he had a further period (until 25/11/22) to provide any evidence to them.

Mr B wrote to Virgin on 16/11/22 with evidence of a call he’d received from the insurance merchant explaining they didn’t have any record of him so couldn’t proceed with his enquiry.

Virgin subsequently closed the dispute and declined to refund Mr B. He then applied to the courts regarding the transaction. Virgin agreed to refund the substantive payment and the court fees. This was credited to Mr B’s account in December 2022.

Mr B was still unhappy with Virgin’s handling of his issue and continued to raise it with our service. The investigator assigned to the complaint had already issued an early view that concluded that Virgin should refund the disputed transaction, although this was prior to the court application. Virgin also offered to refund the transaction in February 2023 (after they’d already paid it from the court application), which they later withdrew.

A new investigator took over and looked into the customer service issues raised by Mr B. She concluded that Virgin had made some errors when dealing with Mr B but didn’t think an award was appropriate.

Mr B disagreed and argued that Virgin had failed to deal with his situation, explain why different complaints were raised and prove they’d dated a letter on a certain day in October 2022. He also stated it had taken about nine months to obtain a resolution.

As no agreement could be reached, the complaint has now been passed to me for a decision.

I issued my provisional findings on the merits of Mr B's complaint on 26 April 2023. In my provisional findings, I explained why I intended to uphold Mr B's complaint and offered both sides the opportunity to submit further evidence or arguments in response. An extract of that decision is set out below and forms part of this final decision:

What I've provisionally 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.

After Virgin were notified about the court application, they decided to refund the substantive loss to Mr B and related court costs. I'd also note that earlier in the complaint process, they'd offered to refund the transaction. At that time, Mr B declined it because he wanted his complaint dealing with.

So, because the disputed transaction has now been refunded to Mr B, I no longer have to consider it as part of the redress, although I will mention it where it's relevant.

It seems to me that Mr B's main issues stems from Virgin's lack of communication with him during the dispute about the transaction. There is also a comment from Virgin that they sent Mr B a letter on a specific date but that doesn't appear to be accurate. I don't think the issue of the date on the letter is relevant to the outcome of the complaint.

What is clear is that Mr B raised a dispute, alongside another dispute for an unrelated transaction. I think having both of these running together may have caused some confusion, especially as they had different references. There was also a further complaint reference which Virgin have confirmed was a duplicate complaint.

The timeline of the relevant letters between the two parties indicates they asked Mr B for evidence about the transaction from the merchant. The original timescale was missed by Mr B, but he responded to Virgin within the extension they gave him. In that response, Mr B provided a transcript and a copy of the call he'd had with the insurance merchant.

As can be seen by the transcripts of the contents of the call, the insurance merchant had no record of Mr B, so wouldn't deal with his request. I think it's reasonable to conclude that as they had no records of Mr B on their system, it would be unusual for them to have a legitimate reason to take a payment from his credit card. It would also be difficult for Mr B to provide any further detail to Virgin if he wasn't responsible for the transaction or had any record with them. It seems that Virgin closed the dispute without further enquiries.

Virgin told our service that there were two transactions for 0.01 pence from the same merchant taken annually for the previous two years, which is why I think they thought the disputed transaction was made by Mr B. Whilst it provides some link to the merchant, it doesn't conclusively prove that Mr B was responsible for the later payment and his evidence that he didn't have an account with them should also have been relevant to their considerations.

It's apparent from the communication between Mr B and Virgin that he was left frustrated by their lack of explanations about what was happening, and I tend to agree that he didn't receive the service I'm sure Virgin would want to provide. It took an application to the court to finally convince Virgin to refund the payment. They also offered to refund it several months later, which indicates some confusion within Virgin about what had already happened as they'd already refunded it. Virgin subsequently revoked the offer based on their earlier payment.

Overall, Mr B provided evidence to Virgin from the merchant which doesn't seem to have persuaded them to look into the matter further. I think the evidence shed enough doubt on the transaction that Virgin could have dealt with it sooner and followed it up. The time taken to deal with the issue seems overly long, including the initial two-month gap before they first asked Mr B for evidence.

I think Virgin let Mr B down and I'm currently minded to award him £100 for the unnecessary delays caused by Virgin and their handling of the situation which caused Mr B to mount a separate court action before Virgin offered to refund him.

Virgin and Mr B both accepted my provisional decision. Mr B provided further commentary about his complaint which was essentially a repeat of earlier points he'd made.

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, and as neither party had anything new to add, I see no reason to reach a different conclusion. So, this final decision confirms the findings set out in my provisional decision.

Putting things right

Virgin should now pay £100 to Mr B for their handling of the situation.

My final decision

My final decision is that Clydesdale Bank Plc trading as Virgin Money are instructed to settle this complaint as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 2 June 2023.

David Perry
Ombudsman