

The complaint

Mr R complains about the way in which Clydesdale Bank Plc, trading as Virgin Money, administered his credit card account. He's also unhappy that his account defaulted.

What happened

The circumstances of this complaint are well known to both parties, so I'll only include a brief overview of the key events that have led to Mr R's complaint:

- Mr R opened a credit card account with Virgin in June 2019. His credit card fell into arrears and, in September 2020, Virgin discovered that he no longer lived at the address it thought he did. So, a temporary block was applied to his account.
- Shortly afterwards, in October, Mr R phoned Virgin but he failed to pass its security checks. From then on, Mr R continued to fail security checks each time he phoned Virgin. He was still able to make repayments towards his credit card as third-party payments but because the temporary block hadn't been lifted, Virgin wouldn't disclose any specific account details with him – such as his balance.
- Virgin asked Mr R to send it some documentation for identification purposes. As part of this, it asked for proof of his address. Mr R did send some documents, but Virgin didn't accept what he'd sent. Specifically, it said it couldn't accept copies of its own letters – which, among other things, is what Mr R had sent.
- In October 2021, Mr R's account defaulted because he hadn't made any payments for some time. Finally, in November 2021, Mr R's account and associated debt was sold to a third party.

Mr R contacted our service in November 2021. He was unhappy that Virgin hadn't accepted the documents he'd sent and that it hadn't shown any flexibility to help him unblock his account.

An investigator here looked at what had happened. Overall, she thought Virgin could've done more to assist Mr R. She said, in summary, that Virgin could've been clearer – earlier – about what Mr R would need to do to unblock his account. That being, send it specific documents to show his old and new addresses. So, she recommended it pay Mr R £100 in compensation to recognise that failing.

Generally, though, the investigator didn't think Virgin had been wrong to apply a temporary block to the account. Nor was it wrong not to remove the block, or disclose specific account details, given Mr R hadn't provided the requested documentation and couldn't pass its security checks.

Moreover, the investigator didn't think Virgin had acted unreasonably in defaulting Mr R's account. She noted that Mr R had decided not to make any repayments because of the

address issue. While she understood the position Mr R was in, she thought that Mr R still knew repayments could be made. And if he'd continued to make them, his account likely wouldn't have defaulted.

Virgin accepted our investigator's findings, but Mr R disagreed. He reiterated that he had no way of obtaining information about his balance and didn't know how much to pay. Mr R questioned whether he should've simply continued to blindly pay towards his debt, a situation he deemed absurd.

As no agreement has been reached, the complaint has been passed to me to decide.

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.

At the outset, I'll say that I have empathy with Mr R for the position that he found himself in. He's explained the impact this matter had on him and his family and I'm truly sorry to hear about that. I can surely understand that this protracted situation would've been frustrating. Having said that, I agree with the findings of our investigator.

That's to say I think Mr R's complaint should be upheld – in part – because I'm satisfied Virgin could've done more to be clearer, much earlier, about changing his address. I don't, though, think that Virgin acted unreasonably when it applied a temporary block to Mr R's account or when it ultimately defaulted the account.

I'll explain why.

Mr R's address

Under the terms of his agreement with Virgin, Mr R needed to let it know as soon as possible if he changed address. From what I've seen, though, he didn't. As a result, when Virgin found out (around a year after he'd moved) that Mr R no longer lived at the address it held on record; I don't think it was unreasonable for it to apply a temporary block to his account.

I say that because, while I'm sure Mr R is aware of this, fraud and scams are very serious issues. The fact is that firms have a duty to protect their customers from the ever-increasing threat of such activity. And applying a temporary block to Mr R's account, then requiring him to provide documentation for identification purposes, was one way of Virgin doing that.

Here, though, because he hadn't told Virgin that he'd moved, Mr R ended up in a position where he needed to provide proof of his *old* address – the address Virgin held for him – as well as giving it his new details, so his card could be unblocked and his contact information updated.

Mr R did provide some documentation to Virgin - he sent it copies of utility bills with his new address and a copy of a Virgin bill with his old address. But Virgin said that it doesn't accept copies of its own letters as proof of address. Rather, it needed something from a third party. And until it had that, it couldn't unblock his card nor change his contact details.

I'll say here that Virgin is entitled to determine its own processes and procedures. It isn't the role of our service to tell a business to alter those. So, although Mr R might not agree with Virgin's stance, if Virgin's position for such matters is that it won't accept copies of its own

letters as proof of address then that's a decision it's entitled to make.

I've seen that Virgin did tell Mr R what it would and wouldn't accept in its final response letter. But having reviewed a copy of that letter, it's quite possible that Mr R never received it because it was sent to the address Virgin held on file for him. Which, of course, he was no longer residing at.

Even so, I've also seen that Virgin explained what was required on some of the occasions that Mr R called. So, I think it's reasonable to say that Mr R was aware he needed to provide some documentation – and that he could've clarified exactly what was required if he was unsure. I haven't seen, though, that Mr R did clarify anything with Virgin. Nor that he ever provided it with anything else – like a utility bill from a third party – which showed his old address.

Rather, after Virgin didn't accept what he'd provided, I've not seen anything to show that Mr R sent it any further documentation at all. Nor have I seen anything to show that he tried to obtain something else, but that he was prevented from doing so. So, while I certainly empathise with Mr R, it seems he didn't provide – or further attempt to provide – the correct documents.

If he had and Virgin hadn't accepted them, or if I had conclusive evidence of his efforts to obtain third-party letters which Virgin hadn't then taken into account – then I may have found that it should've acted differently. But that isn't what happened. From the information I have, it seems that Mr R simply didn't send Virgin what it required or contact it to explain why he couldn't.

It follows that I can't reasonably conclude that Virgin did something wrong in not removing the block on Mr R's account if he didn't provide it with the necessary documents, or at least show that he'd made reasonable attempts to do so.

In conclusion, while I understand the immense frustration that he must've felt at such a prolonged situation, I can't fairly determine that it came about – or wasn't ultimately resolved – because of something that Virgin did wrong.

That said, I agree with our investigator who determined that Virgin could've offered more assistance upfront. It's provided recordings of some telephone calls and, having listened to them, I think Virgin had early opportunity in those calls to clarify exactly what Mr R needed to send it and why – as well as stressing the importance of doing so, and the consequences of not. To that end, I think the £100 compensation Virgin has now agreed to pay is enough to reflect that things could've been better.

Virgin's decision to default Mr R's account

Mr R has said that he stopped payments because Virgin failed to offer him a solution for the problems with his address. He's questioned whether he should've simply continued to blindly pay towards his debt.

I appreciate Mr R's point, it's certainly fair to say this situation was unusual and far from ideal. But even so, he had previously been making repayments towards his account while it was temporarily blocked. If he'd continued to do so, however troublesome that was, it likely would've avoided the position he eventually found himself in.

Essentially, Mr R knew he could make repayments – he simply chose not to do so. But Mr R had a responsibility to mitigate any losses or consequence that he might suffer. And I must keep in mind that by making repayments, even in the absence of all the information he'd

ideally have available to him, he always had the ability to lessen any potential consequences. And while I certainly accept that having to manually work things out in terms of what to pay would've been inconvenient, it's surely better than not paying at all and eventually defaulting.

Virgin has a duty to accurately record the status of a credit card account, it's obliged to do so. And I'm satisfied that's what it did. So, with all of that in mind, given Mr R eventually took the decision not to make any repayments at all towards his debt, I don't think Virgin did something wrong when it began to record adverse information and ultimately defaulted his credit card account.

Overall

I know what I've set out here will come as a considerable disappointment to Mr R and I've no doubt that this whole situation was most difficult for him. I'm very sorry to hear of the impact he's said the matter had on him and his family, and I do genuinely hope that things have since improved.

Even so, for all the reasons I've explained, I don't think Virgin wrongly applied a temporary block to Mr R's account when it discovered he'd changed address without telling it. Nor do I think it was wrong not to remove that block when he didn't provide the documentation it needed to satisfy its security processes. Additionally, I think Virgin reasonably decided to default Mr R's account after he didn't make any payments towards his debt.

In all the circumstances, I uphold Mr R's complaint in part. Virgin should pay Mr R £100 in compensation to reflect the inconvenience it caused in not assisting him sooner with the issue surrounding his address.

My final decision

My final decision is that I uphold this complaint in part. I now require Clydesdale Bank Plc, trading as Virgin Money, to arrange to pay Mr R £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 29 March 2023.

Simon Louth
Ombudsman