

The complaint

Mr R complains that Clydesdale Bank Plc (trading as Virgin Money) gave him confusing information about his two credit card accounts and, for an extended period and despite many phone calls, failed to spot that he had consequently paid into the wrong account. He says Virgin Money sent him a threatening letter but then it couldn't explain what it was about. He found Virgin Money's formal response to his complaint "extremely insulting" and upsetting.

What happened

Mr R had had two credit cards for a few years. One was with Virgin Money and one was with Yorkshire Bank, both of which are part of Clydesdale Bank. In February 2022, the two cards were rebranded under the single Virgin Money name, and a new app was launched.

In March, following a text reminder from Virgin Money, Mr R accidentally paid into his Virgin Money credit card, not realising that he was being asked to pay for his Yorkshire Bank credit card. Despite calls to Virgin Money, it took several weeks for Mr R to work out this was the problem. Mr R has provided detailed information, including screenshots from his phone showing texts he received and phone calls he made and received.

These are the key events:

On 31 March, Mr R received a text message from Virgin Money to remind him "your credit card payment is due in a couple of days". Mr R says he paid £25.

On 4 April Mr R received another text message from Virgin Money "Your payment is overdue... Please ignore if you've already paid". As with the previous text, there was no account identifier in the message. Mr R says he paid another £25.

On 6 April, Mr R received a letter by email from Virgin Money. It said, "We still haven't received the payment due for your Virgin Money credit card". There was no account information on the letter to show which account was being referred to. In the following weeks, he received other letters and texts asking him to call Virgin as it hadn't been able to contact him.

Between 4 April and 14 May, Mr R phoned Virgin several times, with one call lasting about 75 minutes.

On 19 April, Mr R says he received a credit card statement from Virgin Money for what had been the Yorkshire Bank credit card, saying he had failed to make his minimum payment. This is when Mr R realised that he had been paying into the wrong credit card account. Mr R says the Yorkshire Bank card had previously been on the Virgin Money app but had "disappeared" earlier in the year. He had not intended to use that card because the 0% interest period had finished and he had paid the account off. However, the account number had been linked to a public transport provider which had continued to take payments.

Mr R says he immediately cleared the outstanding balance.

On 10 May Mr R received a letter from the Virgin Money branch manager, which Mr R says he found threatening:

"I refer to our letters dated the 12th and 26th April to which we do not appear to have received a reply...."

If we do not receive a response within the next 14 days then the Bank will have no alternative but to ask you to make alternative banking arrangements.

We look forward to speaking to you shortly.”

On 16 June, Virgin Money sent Mr R its formal response to his complaint. In this, the complaint handler said they were unable to locate the letter that Mr R had found threatening. They apologised for causing upset. However, the Virgin Money customer service agents had not had access to the Yorkshire Bank system, which is why they hadn't been able to explain why Mr R had received the letter. They said the two banks were being brought together, and the products of each bank were being aligned to those of Virgin Money. They said they did make customers aware of this migration via email on several occasions. The letter also said, “you were offered £25.00 by one of our agents which I am honouring”.

Virgin Money has provided a log of the emails it sent to Mr R between December and February about the Yorkshire Bank card migration and the new app, and says that some of these emails were notified as having been opened. Virgin Money has sent us a copy of one of its template letters which notified about the change.

One of our investigators looked at the evidence and said they thought the complaint should be upheld. They said:

“...it does remain [Mr R's] responsibility to manage his accounts and pay his bills on time. Though I do feel that [Virgin Money] didn't handle the situation fairly or provide... [Mr R] with the service he should've received. Several times he contacted [Virgin Money] to find out why there were demands for payments as he believed he had paid towards the correct card and [Virgin Money] were unable to provide an explanation. So, I think for the service failure [Mr R] has experienced, [Virgin Money] should pay a further £50 for the trouble and upset caused on top of the £25 already issued.”

Mr R didn't agree that this was a fair outcome, saying he should be given a written apology and paid £5,000 for the stress and worry he experienced over an extended period. As Mr R didn't agree with the investigator, the matter was passed to me to make a decision.

When I looked at the case I reached a slightly different conclusion to that of the investigator, and I thought Virgin Money should make a higher payment in compensation. Because this was a change to what the investigator said, my decision was at this stage provisional, and I invited further comment and evidence. This is what I said in my provisional decision:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I agree with the investigator that Mr R was responsible for making sure his credit card bill was paid. And it was down to Mr R that some transactions continued to be charged to his old card after he thought he'd stopped using it. This was a contributory factor in the confusion that caused the mistake.

But I think Virgin Money contributed significantly to the error. I can see why Mr R was confused by the reminder he received on 31 March. This was from “Virgin Money” to “pay your credit card”, but it had no indication which card it related to. This was especially confusing as it was when the branding of the card was changing from that of Yorkshire Bank to a uniform “Virgin Money” for all cards, which Mr R may not have fully noticed.

I don't think the earlier communications about the change in branding were enough to avoid this confusion, especially as it appears that Mr R may have needed to take a specific action to bring both cards on to the same app. In addition, Mr R has sent us a screen shot which suggests it wasn't clear that the other card was, by one point, in

fact present on the app – he says he only discovered his old Yorkshire Bank card on the app when he pressed a button. From the screen shot I don't think the button gave any idea of its purpose.

The different brands had been brought together under the Virgin Money name, but it appears that staff in the different sections of the organisation were not able to see account information for the different accounts. This meant that one area of the organisation believed Mr R was failing to communicate or pay his bill, whilst at the same time Mr R was spending significant time communicating with Virgin Money but not realising information was not reaching the relevant people. He phoned the number given to him in the letter that threatened to withdraw banking facilities, but the staff on the number were unaware of what the letter was referring to.

Even when Mr R eventually received a formal response, the complaint handler was unable to comment on the "threatening" letter because she did not have access to it. The complaint response did not give an explanation of what went wrong. It admitted no real failures by Virgin Money and offered no real apology. I can understand why Mr R was upset by it.

Given what I have said, I don't think the compensation of £75 previously proposed is adequate.

Mr R has suffered a loss of time which he would have wanted to spend on better things, but there is no suggestion he has unavoidably lost earnings. I don't see that Mr R has suffered a financial loss but, instead, he has suffered stress, upset and considerable inconvenience.

It is always difficult to settle on a sum that would enable a person to feel compensated when they have suffered upset, stress and a wasting of their time. But I've taken into account that Mr R experienced:

- *Virgin Money's repeated poor communication, which contributed significantly to his accidental non-payment;*
- *failures in internal systems that meant staff couldn't diagnose the error;*
- *an unwarranted letter threatening withdrawal of banking services; and*
- *failure to resolve the matter adequately during the formal complaint process. (As the handling of the complaint was part of the provision of a financial service, I am satisfied I can take this into account when considering redress.)*

This means Mr R has suffered more than a simple administrative error and so I think the £75 already proposed would not be sufficient. Mr R has experienced several errors, albeit small by themselves, but with the cumulative effect that he has had to make quite some effort to put things right and has inevitably been caused upset as well. In such circumstances I would normally consider redress of £200 to be fair and reasonable.

I said that, if I confirmed my view of the case, I would be likely to say that Clydesdale Bank Plc (trading as Virgin Money) should:

- Pay Mr R a total of £200 in compensation for distress and inconvenience (less any amount that may already have been paid in compensation).

- Make sure that Mr R has not suffered an adverse credit record as a result of the delay in paying his Yorkshire Bank credit card – and, if he has, it must take action to correct the record.

In response Mr R said he would be happy with the proposed outcome. Clydesdale (Virgin Money) did not say explicitly that it disagreed with my decision but wrote to point out what it said were some inaccuracies. Its points included:

- “Toggling” between cards on the app is easy and, unlike Mr R, many customers had “experienced no issues with this process”.
- It’s not a failure in the internal system that bank staff, who answered the phone number Mr R called, were unable to access information about his credit card, as credit cards are managed by a different specialist team. The bank says Mr R “has been provided with the cards telephone numbers and these are identified on our website”.
- The letter of 10 May 2022 was sent by a branch manager and should not be considered as part of this complaint as the bank sent a separate response to Mr R on 19 May 2022 explaining why it had sent that letter. Clydesdale has given me a copy of the response letter of 19 May. From that, although it isn’t totally clear, it appears the letter of 10 May was because the branch wanted to confirm some of Mr R’s personal details, and needed to speak to him directly.

The Clydesdale bank representative responding to my provisional decision also said they themselves do not have access to the letter of 10 May 2022 (which I have quoted from, above).

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’ve considered the points Clydesdale has made, but it hasn’t changed my overall view of the complaint. From the point of view of Mr R as a customer, he believed he was dealing with a single entity, and this belief was encouraged with a single brand and by him being given a single phone number to call in response to the communications he was receiving. He received a number of communications which were unclear or confusing. But the organisation of the bank internally meant customer advisers did not have the information needed to help Mr R sort out his problem.

Even if Mr R was later told the “threatening letter” was not related to the confusion over paying his credit card, at the time and in the context of everything else, it will have added to his confusion and frustration. Even without that letter, I think he would have been caused some worry and confusion by how Clydesdale handled things.

So I remain of the view that what I outlined in my provisional decision is fair to put things right.

Putting things right

Clydesdale Bank Plc (trading as Virgin Money) should:

- Pay Mr R a total of £200 in compensation for distress and inconvenience (less any amount that may already have been paid in compensation).

- Make sure that Mr R has not suffered an adverse credit record as a result of the delay in paying his Yorkshire Bank credit card – and, if he has, it must take action to correct the record.

My final decision

For the reasons I've given, I am upholding Mr R's complaint.

I require Clydesdale Bank Plc (trading as Virgin Money) to provide redress as set out above.

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

Timothy Bailey
Ombudsman