

The complaint

Mr B complains that Clydesdale Bank Plc trading as Virgin Money allowed fraud to occur on his account, which had a knock-on effect on his credit file.

What happened

In May 2022, the details on Mr B's Virgin Money credit card account were changed. Virgin Money has said that at that point, they did not follow their correct process.

In July 2022, Mr B realised fraud had occurred on his account, as he had a balance of over £11,000 despite the fact that he had not used the account since 2020. He contacted Virgin Money about this and raised a fraud claim. He realised that late payment markers were being placed on his credit file by Virgin Money to reflect missed payments, despite the fact he had notified them about the fraud.

Despite chasing Virgin Money numerous times, he did not receive a satisfactory response from them, so referred the complaint to our service. Virgin Money took some time to carry out their investigation and asked Mr B for identification due to the nature of the fraud. Following this, they amended the balance of the account and refunded the interest incurred so it was back in the position it was in prior to the fraud occurring. It took until August 2023 for the credit file to reflect the correction, over a year after Mr B notified Virgin Money of the fraud.

A number of different compensation amounts were offered in recognition of the distress and inconvenience the issue had caused Mr B. The final offer Virgin Money made was for £750, however Mr B rejected this and felt £1,500 was more appropriate considering the length of time the issue had taken.

As an informal agreement could not be reached, the complaint has been passed to me for 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.

The fraudulent payments, including the interest, have now been refunded and Mr B has confirmed his credit file has been amended with his score returning to around what it was before the fraud. With this in mind, I do not think it is necessary to go into detail about the fraud itself and how it occurred. Virgin Money have accepted they did not follow the correct process when the account details were changed, and I will take this into consideration when reaching a decision.

I will focus on the distress and inconvenience Virgin Money's actions, as well as the delays that have occurred, have had on Mr B directly. I'm aware that Mr B feels an offer of £1,500 would be reasonable considering the length of time that had elapsed. I want to recognise that compensation can be very subjective and what might be enough for one person may not

be accepted by another for the exact same circumstances.

On balance, Virgin Money took too long to begin a fraud investigation and should reasonably have started this in July 2022 when Mr B made them aware of the fraud. This therefore caused delays during which time, Mr B's credit file continued to be incorrect. Mr B has said this caused his credit limit on a separate card to be reduced, as well as cause issues with him obtaining a mobile phone contract.

Considering all of this, I think the £750 offered is fair and broadly in line with what I would have recommended in the circumstances, had this case come to me with no offer on it. It's clear this has caused Mr B a lot of inconvenience and worry, and having carefully looked over all of the factors, I think the £750 compensation is a fair reflection of this.

My final decision

I uphold Mr B's complaint and direct Clydesdale Bank Plc trading as Virgin Money to pay him £750 compensation in recognition of the distress and inconvenience the issues have caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 November 2023.

Rebecca Norris
Ombudsman