

The complaint

Mr B complains about the service he received from Clydesdale Bank Plc trading as Virgin Money in relation to an outstanding balance on his credit card account.

What happened

Mr B held a credit card account with Virgin Money. In 2022 he received letters about an outstanding balance. He says he didn't know there was anything to pay on the account, as the balance showing on his internet banking was £0. He says that telephone banking was also reporting a zero balance. Mr B says he found out later that a merchant had mistakenly overcharged him for a purchase he made in December 2021 and that was the transaction which caused the issue.

Virgin Money says that Mr B should have been aware from his statements that a payment was due. It says that statements were sent in January and February 2022. Mr B says he didn't receive the statements and only became aware of the outstanding balance when he received the letters demanding payment and imposing penalties.

Mr B wanted to see his transaction history but says he couldn't access it through internet banking. He asked Virgin Money but says it couldn't provide this. He says that Virgin Money was only able to send him printed statements, which didn't arrive until months later and didn't cover the relevant transaction period.

Mr B says the balance had been transferred to a new card which Virgin Money had issued without him knowing. He says he wasn't expecting a new card because his existing one was valid for two more years. Mr B says he never received the new card. He says that, when he called Virgin Money, it told him the new card would appear on his internet banking and he would be able to pay the balance. But Mr B says his original card disappeared from internet banking and the new card never appeared. He says he found out during a later call that Virgin Money was withdrawing the internet banking facility for credit cards and that he would have to use its app instead. He says he doesn't have the facility to use the app.

Virgin Money says that Mr B called in February 2022 to report his card as lost, so it issued a replacement. But it says no other cards were sent to him before that. It says that all customers were told they would have to manage their accounts through the app from mid-February 2022 and that they could call Virgin Money if they couldn't use the app. It says that the internet banking facility was removed in mid-February 2022.

Mr B complained to Virgin Money but says he had to log a second complaint because Virgin Money lost the first one. He then referred the complaint to this service. He says he spent many hours on the phone to Virgin Money trying to sort out the issue and has been worried about a possible impact on his credit rating. He would like compensation and confirmation that his credit file hasn't been affected.

Virgin Money said that, because Mr B didn't make the minimum payment requested in his statements, it was correct in reporting missed payments to the Credit Reference Agencies. But it said it had refunded the associated interest and late payment charges as a gesture of

goodwill. It also accepted that Mr B had experienced long call waiting times and said it was willing to pay him £50 for the distress and inconvenience this caused.

I issued a provisional decision on 30 March 2023 indicating my intention to uphold this complaint. Mr B accepted the provisional decision. Virgin Money said that some parts of the provisional decision were misleading, but it agreed to the redress I had proposed.

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.

As I explained in my provisional decision, when I reviewed this complaint, I requested some further information and clarification from Virgin Money. No response was provided, so I made the provisional decision based on the information which was available to me at the time. Virgin Money has commented on the provisional decision but hasn't provided any new evidence. I've considered its comments, but they don't change my mind about the appropriate outcome here. So, I'm going to uphold this complaint in the way I indicated in the provisional decision. My reasons are set out below.

I've reached this decision on the balance of probabilities – that is, what I consider is most likely to have happened, in light of the evidence that is available and the wider surrounding circumstances.

I think it's worth starting by saying that Mr B's account was held with Clydesdale Bank and that the events here took place at the time when Clydesdale accounts were being changed over to Virgin Money accounts. From what I've seen, I think this migration played a part in the problems Mr B experienced. I don't think he should be disadvantaged because of this.

New card

Mr B says that, unbeknown to him, Virgin Money sent him a new card in connection with the re-branding of his account. But he says he never received it. When responding to the provisional decision, Virgin Money said that Mr B was told he would receive a new Virgin Money branded credit card. I haven't seen any evidence of this, but I find that a new card was issued in February 2022. However, the evidence shows this was the result of a call from Mr B saying he'd lost his card.

This replacement card was issued on 16 February 2022. Virgin Money said in response to the provisional decision that it wouldn't have issued a replacement card before Mr B's call on 16 February 2022. This is consistent with my finding that no card was issued before 16 February 2022.

By this date, Mr B's internet banking facility was no longer in use (see below). I think that explains why the new card didn't appear on his internet banking.

Removal of internet banking facility

Virgin Money says that Mr B couldn't use internet banking after 14 February 2022 (the date on which the Virgin Money app became available to him). But it says his internet banking facility would have functioned as normal until that date. The transaction in question took place in December 2021. So, it should have shown on Mr B's internet banking before that facility was withdrawn. But Mr B says it didn't and the balance was zero.

I haven't seen anything which confirms the internet banking balance or explains why this

transaction wouldn't have appeared there. But I have no reason to doubt what Mr B says about this. If he'd been able to see a debit balance through internet banking, he wouldn't have been surprised to receive letters chasing payment and he wouldn't have needed to contact Virgin Money to request a transaction history.

Virgin Money says it contacted all customers to tell them they would have to use the app from 14 February 2022. Mr B doesn't seem to have known this as he says he only found out on a later phone call to Virgin Money. But I don't think it makes a difference here whether he knew in advance or not. That's because the transaction occurred in December 2021 and the payment was due by 3 February 2022. The app wasn't available to Mr B until after this. His internet banking should have been working as normal until 14 February 2022 and the debit balance should have been reflected there. I don't think it was.

January and February statements

Virgin Money says that, in any event, Mr B ought to have known a payment was due because it was shown on his statements. It has provided copy statements from January and February 2022. But Mr B says he didn't receive them. I haven't seen anything which confirms the statements were sent to Mr B at the time they were generated. And Virgin Money's customer notes support his comments that he didn't receive them.

The notes show that Mr B contacted Virgin Money on 13 February 2022 and asked for his January statement. During a call on 14 March 2022, he requested statements from December to March. The notes say that the account has been "*queue to Clydesdale*" to request statements from December 2021 to February 2022 and that Virgin Money doesn't have access to these statements.

It's not clear whether the January statement was sent to Mr B after the February call. It looks as though it wasn't, as he requested it again in March and the notes confirm that Virgin Money couldn't access the statements. In any event, by the time Mr B first requested any statements, the payment was overdue, interest and a late payment fee had been applied.

So I don't think Mr B received the statements in time to make payment before the due date.

Mr B should have known about the transaction

Virgin Money says that Mr B would have known he'd made the purchase in December 2021, so ought to have been aware a payment would be due. But Mr B says the transaction was an overpayment charged by the merchant in error, so he didn't know about it. I haven't seen any details of this. But I note that the merchant gave a partial refund in February 2022, so I'm satisfied that there was a mistake with the transaction.

The refund was for part of the transaction only, so it seems that Mr B did need to pay something. But I think he ought to have been able to rely on his internet banking to know whether he needed to pay anything to Virgin Money and when. As I explained above, I don't think the transaction was reflected there. Virgin Money's notes also support what Mr B says about it not being able to tell him the transaction history of the account. Without this information, I don't think he could have known how much, if anything, he needed to pay.

Conclusion

In conclusion, I don't think Mr B was aware that a payment was due on his account by 3 February 2022 and I don't think he could have known. I think that, by the time he became aware, the payment was already overdue. I don't think that was Mr B's fault.

When Mr B contacted Virgin Money, I don't think it provided clear information. Mr B received poor customer service, which Virgin Money has acknowledged to some extent. But I think this goes beyond the long call waiting times. It seems that there was an issue with the visibility and communication of Mr B's account information around the time of the migration to Virgin Money. I don't know why that was the case. But I don't think it was Mr B's fault and I don't think he should be worse off as a result. I think he has been inconvenienced and needs to be compensated for this as well as the worry caused by the situation.

I think Virgin Money should pay Mr B compensation of £200 to put this right.

Virgin Money has indicated that it reported missed payments to the Credit Reference Agencies. I haven't seen any details of the reporting and I understand the account is now closed. But I think any adverse reports made from January 2022 onwards should be removed.

My final decision

For the reasons above, I uphold this complaint. Clydesdale Bank Plc trading as Virgin Money should:

- pay compensation of £200 to Mr B; and
- ask the Credit Reference Agencies to remove any adverse entries made from January 2022 onwards.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 19 May 2023.

Katy Kidd
Ombudsman