

The complaint

Ms X complains that as a vulnerable customer, she wasn't treated fairly by Clydesdale Bank Plc trading as Virgin Money (Virgin).

What happened

Ms X had a credit card from Virgin. The limit was £14,300 and in March 2020, the balance was £12,980.53 debit. Minimum payments were then £129.81 per month. Ms X was badly affected by the pandemic and couldn't work from March 2020 onwards. She had no income and wasn't furloughed. She was also shielding due to her health and was going through a difficult divorce. She also had mental health problems, which increased throughout 2020 to 2021. She had four other credit cards and a mortgage. She was a single mother with two young children.

Ms X called Virgin about her problems in May 2020 and a 30 day 'breathing space' was agreed. In June 2020, she took an interest free offer which ran to December 2020. In March 2021, Virgin agreed a three-month payment holiday under the FCA's pandemic support scheme.

She called Virgin at least 15 times between May 2020 and December 2021. In September 2021, she offered to pay £2,349.78 in settlement of the debt which was then £11,748.93. Virgin declined. There were a series of calls between Ms X and Virgin about the decision before Virgin wrote off the balance of £10,747.52 in March 2022.

Ms X complained about several things:

- That she was a vulnerable customer from March 2020 and should've been identified as such by Virgin. She wasn't therefore dealt with by Virgin's specialist team as she should've been.
- This meant that she suffered long wait times to get through to Virgin's generalist call centre, and each time she had to repeat details of her situation.
- Virgin's generalist call handlers didn't understand her situation and weren't sympathetic. They spoke quickly and in 'garbled' language.
- She asked for an approximation of monthly interest costs but Virgin wouldn't provide that.
- Virgin should have agreed to her settlement offer in September 2021 when she first made it. Her other credit card lenders had written off their debts, so she couldn't see why Virgin didn't do the same.
- As a result of Virgin's handling of her situation, her mental health was severely affected and got worse – to the extent that she was seriously considering self – harming, or even worse.

- Ms X said that because of Virgin's conduct, she should receive compensation sufficient to pay off her mortgage of over £100,000, plus loss of future earnings; cost of treatment for anxiety (up to £6,000); and compensation for reduced quality of life, distress, and inconvenience.

Virgin said (in two final responses) that Ms X should've been transferred to their Specialist Support Team (SST) in May 2020 when she first told Virgin about her problems and vulnerability – when she advised them she was classed as vulnerable by government guidelines and NHS. They refunded total interest of £1,043.24 (£484.19 plus £559.05) – as she should've been given interest-free borrowing if she had been transferred into SST. And paid compensation of £100 and offered a further £150.

Virgin said they'd reviewed Ms X's partial settlement offer and rejected it – they couldn't see it was right for her at the time. But after that, they looked at her request again and based on the medical evidence, they agreed to write off the balance.

Ms X brought her complaint to us. Our investigator said Virgin dealt with Ms X's complaint reasonably. He said Virgin's decision to decline her settlement offer was a commercial one, and we couldn't interfere with that. He said that overall, he thought Virgin dealt with Ms X during a difficult period reasonably – and had supported her with a payment holiday and breathing space arrangements.

Ms X didn't agree. She asked that an ombudsman look at her complaint.

I then reached a provisional decision which said:

Let me say – we are an informal dispute resolution service which seeks to come to fair decisions where there is a complaint from a consumer about a financial business. We don't take sides. And I've looked at all the evidence here in coming to a decision. Nor are we the regulator of Virgin – that's the role of the FCA.

I want to say to Ms X that I've been into her complaint in depth. She has submitted a lot of information to us and I've read it all. I've also listened to all the calls that Virgin have sent to us – 15 calls. I know Ms X says there has been a 'cover up' and certain calls have been redacted or not provided. I can say that I have found no evidence of that and am sure that Virgin have provided all the calls they have on their system.

Taking Ms X's complaint points:

That she was a vulnerable customer from March 2020 and should've been identified as such by Virgin; and the quality of Virgin's generalist call handlers was poor: I considered whether Virgin should've identified Ms X vulnerable at that time.

The FCA defines a vulnerable customer as “...someone who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care.” The FCA has also outlined that it expects firms to provide their customers with a level of care that is appropriate given the individual characteristics of the customers themselves. In other words - it is reasonable to say that the level of care that is appropriate for vulnerable customers may be different from that of others.

I listened to the calls between Ms X and Virgin on 11 May 2020; 15 May 2020; 18 May 2020 and 11 June 2020. She said she was out of work due to the pandemic and wasn't getting furlough payments. She said he was shielding with no prospect of work. She said she was having difficulty of making payments to the credit card.

Ms X called again on 23 February 2021 and 3 March 2021 – and each time, said she was shielding. On the second call, she also said she was in financial difficulty; was going through a difficult divorce, was receiving no furlough payments, and had [REDACTED].

Given what Ms X told Virgin, it would've been reasonable for them to identify her as vulnerable and transfer her to their Specialist Support Team (SST). If they had, she would've got appropriate help. But they didn't – and there were six calls (between May 2020 and March 2021) - where it would've been reasonable to expect that decision to have been made.

Before the transfer to SST: I must say I found the tone and content of Virgin's general call handlers as very 'transactional' – and the call handler's language was rushed and they didn't have regard for Ms X's circumstances as she had set out. They did offer her a 30-day breathing space arrangement – which was a reasonable thing to do. On two of the calls, there was quite a lot of 'jargon' quoted – e.g. the income and expenditure form was called 'I&E' several times – when Ms X clearly didn't understand what was meant by that.

The call handler on 18 May 2020 said that any breathing space agreement wouldn't show up on Ms X's credit file – but the call handler on 11 June 2020 said it would – so I can see that Ms X must have been confused.

That said, Virgin did support her by agreeing to a 30-day breathing space, and then an interest free deal throughout December 2020 – so the actions they took were reasonable.

But despite that, over the course of six calls, Ms X became confused and frustrated about her situation – and because she wasn't being handled by Virgin's SST team, she wasn't getting the support she needed. Ms X was transferred to the SST team in June 2021.

Long wait times to get through on phone: I have no doubt that Ms X did have to wait a long time to get through on the phone – but to be fair to Virgin, at the time – all banks were suffering from similar problems because of the impact of the pandemic. Customers were encouraged not to visit branches (and many were closed). So - the phones were heavily used.

But also - Ms X says that she needed to go through her circumstances each time. And given her deteriorating mental health, she says this made her situation worse. I can appreciate what she says here – and I heard this evidence on the calls - and I can see that must have been difficult for her.

Request for approximate of monthly interest costs: On several of the calls, Ms X wanted to know the approximate monthly interest cost of her debt with Virgin. The call handlers said they weren't allowed to calculate that for her - and that was their process. And Virgin's final response says that also. But – Ms X was only asking for an estimate, so she could budget. It seems to me reasonable to have expected Virgin to provide an estimation - for example, by quoting the interest cost on her last statement.

Virgin should have agreed to her settlement offer in September 2021: This is the part of Ms X's complaint which concerned me most. Ms X had taken advice from a debt support charity. In August 2021, she made an offer of £2,349.78 in settlement of the debt which was then £11,748.93. Virgin's document shows that the source of funds was Ms X's divorce settlement; Ms X still wasn't working and had zero income; she was borrowing money from family and friends; she was still shielding due to [REDACTED]. The document says her mental health was being impacted by the debt and was worsening. She had £5,300 and was

offering 20% to each credit card creditor - there were four other credit cards with debts totalling £18,300. Her mortgage was said to be on interest only but not in arrears.

Virgin declined her request. I listened to the call on 7 September 2021 – and it is clear how much the debt was affecting Ms X's mental health. Virgin's call handler (in SST) said the decision wasn't hers to make – but the decline was because Virgin didn't want to take away the last of Ms X's money. But she agreed to resubmit the request.

Virgin then declined again and Ms X called on 18 October 2021 and 8 December 2021. Ms X advised that all the other credit card lenders had written off their debts. Virgin offered to leave the debt in default, with no payments required – but with Ms X's credit file impacted for six years. Ms X didn't want that to happen. It isn't appropriate for me to detail what was said by Ms X on the calls - but they clearly demonstrate how badly the debt was affecting Ms X's mental health. It was also clear how much Ms X's mental health had deteriorated by that time. But Virgin they stuck by their decision.

I accept that the decision as to whether to write off the debt or not was a commercial decision for Virgin to make –and as it was, Virgin later wrote off the debt in March 2022 (and wrote to Ms X in April 2022).

Because of Virgin's handling of her situation, her mental health suffered: I listened to the calls over the period between May 2020 and December 2021 – and it is clear that Ms X's anxiety did get worse over that time. But - I can't say that Virgin's actions were a direct cause of that, and I can only say what I think Virgin should've done in line with their obligations to treat vulnerable customers in a way that is appropriate.

Summary: Virgin should've transferred Ms X to their SST team much earlier than they eventually did (in June 2021). The calls before that time were not handled in a way which Ms X, as a vulnerable customer, needed – even though some of the banking solutions that Virgin agreed were helpful. And – by the time that Ms X made her offer of full and final settlement in September 2021 – her mental health and financial situation had deteriorated. If Ms X had been transferred to Virgin's SST team earlier (as she should have been), then I think it is likely, on the balance of evidence, that she would've been given better support at an earlier time than she was. And the write off decision would also have likely taken place earlier than it was.

Ms X has made a claim for significant compensation. For our service to consider that, we must be sure of a clear cause between Virgin's actions and what she has asked for - and I can't see that to be the case here. But I do think Virgin should pay more compensation than they have for what happened. Ms X suffered more distress and anxiety than she would've if Virgin had treated her appropriately as a vulnerable customer from May 2020. And – I'm persuaded that if that was the case, it's also likely that Virgin would've made the decision to write off the debt earlier than they did. What that meant was that Mr W had more worry and anxiety about her debt, for a longer period than would otherwise have been the case.

In considering what would be fair compensation here, it's clear that Ms X suffered severe upset and worry over a long period of time – from mid-2020 through to when the debt was written off, in March 2022. It is clear from the calls I've heard and from what Ms X has told us just how much this impacted her while she was in a very vulnerable position. This made the impact of Virgin's failings on her far greater than it would've been for many people. I think it's only fair that any compensation here reflects the substantial and prolonged impact on Ms X.

So thinking about Ms X's complaint and what Virgin has already offered, alongside its gesture to settle the balance here, I think that compensation of £1,500 is appropriate. This is

in addition to the compensation of £250 already paid (or offered) by Virgin.

Responses to the provisional decision:

Virgin agreed to pay the recommended compensation of £1,500.

Ms X sent to us a substantial number of emails and associated documents. In summary, she said:

- Ms X said she was sure there were more calls than Virgin had sent to our service. And those that had been sent contained redactions of sections which Virgin didn't want us to listen to. She said that if we had the other calls, it would be clear that she had been mistreated by Virgin.
- She said again that Virgin's delay in deciding to write off her debt was a significant cause of the deterioration in her mental health.
- She said again that Virgin's delay to transferring her to their specialist unit was a significant cause of the deterioration in her mental health.
- She showed us a doctor's note dated 23 April 2023 which included *"...her anxiety and low mood appear to have started with difficulties with her bank (Virgin Money) at the beginning of the pandemic, resulting in more severe and persistent symptoms which persisted after the banking problem was resolved"*.
- Because of this, she says she should receive significantly more compensation.
- She said that she hadn't received the compensation offered by Virgin of £100 and £150, nor had all the interest refunds been made.

I now need to consider what Ms X has said and make 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.

I want to say to Ms X that I've read and considered everything she has put to us. She's argued passionately and in a detailed way - that she thinks she should get more compensation than the provisional decision proposed.

I would repeat what I said in the provisional decision— we are an informal and independent dispute resolution service which seeks to come to fair decisions where there is a complaint from a consumer about a financial business. We don't take sides. So – I have looked at Ms X's further arguments in the light of our role.

I don't doubt that Virgin didn't act reasonably in dealing with Ms X over a long period of time. As the provisional decision said, it would've been reasonable for Virgin to transfer her into their specialist support team earlier than they did (in or around May 2020 rather than in June 2021). And it would've been reasonable if Virgin had agreed to write off her debt earlier than they did (in or around September 2021 rather than March 2022).

And turning to the calls – Ms X argues there are more calls, and these would show she was treated unreasonably by Virgin. Ms X hasn't said what these calls might show. I've considered this further – and I say again that we've asked Virgin many times, over a number of weeks for any more calls they have on their systems. And there are no more. And I confirm that the redactions on the calls that are available – are to delete confidential passwords and security details. So – that's a reasonable thing for Virgin to do. I have seen nothing to suggest there is a 'cover up' here, or that calls have been withheld.

For me to agree to ask Virgin to pay significantly more compensation – I must be sure (as the provisional decision said) that there is a clear link between what Virgin did and Ms X's problems. And in this respect, I've also considered the doctor's note that Ms X provided.

It's fair to say that Ms X had a lot of things to cope with at a difficult period in her life. She was out of work; she was still going through the aftermath of a messy divorce; she had two young children to support as a single mother; she had other debts which she was struggling to pay; and all this must have added to her mental and physical health problems.

I've thought about Ms X's complaint and everything she had said. And - I'm not persuaded I can fairly conclude Virgin's actions - on their own - had the impact Ms X says they had, such that it could be held accountable for her situation. It follows I can't fairly require Virgin to compensate Ms X further for her alleged loss of earnings (or any other costs for that matter, such as medical costs) stemming from her health concerns and other debt problems.

Ms X has said all of the interest refunds weren't made. But – as the debt was written off by Virgin, any interest added to the debt would've been written off also – as part of the balance outstanding. So – that was taken care of.

I know Ms X will be disappointed by this final decision – which confirms that Virgin should pay compensation of £1,500 for distress and inconvenience. This is in addition to the compensation Virgin have already paid or agreed to pay. Ms X has said that the amounts of £100 and £150 haven't been paid – so this decision asks Virgin to check this and pay those amounts if not already paid.

My final decision

I uphold this complaint. Clydesdale Bank Plc trading as Virgin Money must:

- Pay compensation of £1,500 for distress and inconvenience.
- In addition, check they've paid the previous amounts of £100 and £150 and pay those if not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms X to accept or reject my decision before 14 June 2023.

Martin Lord
Ombudsman