

## The complaint

Mr K complains about the way his credit card has been administered by Clydesdale Bank Plc trading as Virgin Money.

## What happened

Mr K has a credit card with Virgin Money. In late 2021 Mr K updated his address with Virgin Money but whilst the road name and number plus post code were amended, the city name was not.

Last year, a new system was introduced to manage Virgin Money credit cards following a migration from the original platform used. In April 2022 Virgin Money issued a final response to Mr K that said it had introduced a mobile app for customers to manage their accounts and suggested he download it. Virgin Money also said Mr K could continue to manage his account over the phone, using online forms or in branch.

Mr K has explained he experienced difficulties registering the mobile app and tried to contact Virgin Money. But Mr K's told us he found it difficult to get through due to call wait times and wasn't able to speak with Virgin Money.

Mr K says that following the systems migration he stopped receiving credit card statements. But around the same time, Virgin Money started to successfully collect direct debit payments of £100 a month. Mr K has explained that as he lost access to his account online he was unable to review his account activity and what payments were due.

In August 2022 Mr K called Virgin Money to request a new credit card. Virgin Money later said it had taken the decision not to send out a new credit card following a review of Mr K's account. Mr K complained about the decision as well as the direct debit that Virgin Money started to collect around March 2022. Virgin Money issued a final response on 17 November 2022 and apologised that the decision not to renew his credit card hadn't been communicated to Mr K.

In the final response, Virgin Money said the direct debit had been set up and authorised by Mr K when he originally applied for the credit card. Virgin Money advised the direct debit had been successfully claimed since March 2022 following the migration to its new system and said that if it hadn't missed payments would've been recorded on Mr K's credit file.

Virgin Money's final response added that Mr K's address had been updated in December 2021 but said the town name hadn't been amended. Virgin Money confirmed the error had been fixed and Mr K's address was now correct. Virgin Money offered Mr K £150 to apologise for the distress and inconvenience caused.

On 28 November 2022 Virgin Money sent Mr K a follow up final response providing more information about the direct debit payments it had collected. Virgin Money said despite setting up the direct debit in 2017 it had never been successfully collected. Virgin Money said Mr K's statements showed the direct debit had been collected and returned to his bank each month but that he'd made manual payments instead. Virgin Money added that it was

unable to explain why the payment had previously been reversed each month but successfully collected after the systems migration and upheld Mr K's complaint. Virgin Money increased its offer to £200 to resolve Mr K's complaint.

Mr K referred his case to this service and it was passed to an investigator. They recommended that Virgin Money pay Mr K a further £50 for the distress and inconvenience caused by the service provided. Virgin Money agreed. Mr K asked to appeal and said Virgin Money hadn't adequately explained why payments hadn't been collected for several years but started around the time he lost access to his account online. Mr K also pointed out this issue coincided with the change of address which meant post wasn't received. As Mr K asked to appeal his complaint has been passed to me to make a 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'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

Mr K has questioned why his address was amended, online service removed and direct debits collected all around the same time. I can see Mr K is concerned there's a link between the issues he's raised. I've considered whether the points Mr K has complained about are linked or not.

Mr K's address was amended in December 2021, several months before the migration to Virgin Money's new system took place and payments started to be successfully collected by direct debit. I appreciate the timing may appear linked, but I'm satisfied the address wasn't amended as part of the systems migration process. Virgin Money's final response dated 17 November 2022 explained the address wasn't correctly amended when it was updated. I'm satisfied Virgin Money's explained the issue came about due to a mistake and that the error was later fixed. I've taken the mistakes made with Mr K's address into account when deciding how to fairly resolve his complaint.

Mr K's also told us online access to his account was removed around the time the other issues he's raised occurred. But the move to a new online and mobile banking service was communicated to customers by Virgin Money in advance of the change. And I can see that in April 2022 Virgin Money sent Mr K a final response that confirmed he could download the app to manage his account. Virgin Money also confirmed Mr K could call its customer services team or use online forms via its website to access his account as well. I appreciate the move to a new app caused Mr K some inconvenience and that he had difficulties registering. But I'm satisfied Virgin Money gave Mr K information about other options to manage his account which were reasonable alternatives.

Virgin Money says Mr K authorised a direct debit instruction of £100 a month when he originally applied for the credit card in 2017. It's provided evidence that Mr K included a completed direct debit mandate along with his credit card application in 2017. And the credit card statement evidence I've seen shows the direct debit as being collected then returned to Mr K's bank within the same month.

In its final response dated 28 November 2022 Virgin Money advised it was unable to explain why the direct debit hadn't been collected correctly. I appreciate Mr K wants a more comprehensive response and explanation of what went wrong. But Virgin Money's already said it can't explain why the direct debit was collected then returned each month. I can't force a business to provide more details but I'm satisfied I can fairly reach a decision on Mr K's complaint based on the information we already have on file.

Mr K made manual payments each month which meant that despite the direct debit not being collected no payments were missed. Virgin Money's final response said that when the new system was introduced it started to collect the direct debit. And that meant despite not making the manual payments due to not receiving statements, Mr K's account didn't fall behind.

Whilst I agree it is unsatisfactory that Virgin Money hasn't been able to give a clearer explanation of what happened, I'm satisfied a final response has been provided and it's confirmed the issue was resolved when a new system was introduced. And I think it's fair to say that the impact on Mr K since 2017 has been limited. I've taken the way Mr K's direct debits have been administered into account when considering how to fairly resolve his case.

Virgin Money accepts it made mistakes with Mr K's account. It didn't confirm the credit card had been withdrawn, failed to correctly amend Mr K's address meaning statements weren't received and made mistakes with the direct debit. I also understand Mr K found the call wait times and service provided by Virgin Money to be poor. Virgin Money offered Mr K £200 to resolve his complaint and our investigator recommended it increase the award by a further £50.

I've read and considered everything Mr K has told us about the issues he's experienced and how they have impacted him. Taking all the available information into account, I'm satisfied that a further award of £50 (in addition to the compensation already offered) reflects the level of distress and inconvenience caused to Mr K and is a fair and reasonable way to resolve his complaint.

As I'm satisfied Virgin Money has agreed to pay a settlement that is fair and reasonable in all the circumstances I'm not increasing the award further.

### **My final decision**

My decision is that I uphold Mr K's complaint and direct Clydesdale Bank Plc trading as Virgin Money to pay him a further £50 in addition to the compensation it's already offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 7 July 2023.

Marco Manente  
**Ombudsman**