

The complaint

Mr M complains that Clydesdale Bank Plc, trading as Virgin Money, deleted a payment plan he had agreed with them and were unreasonable to subsequently default his account.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my 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 think Virgin Money have made mistakes that they should compensate Mr M for, but I'm not persuaded they need to remove the default they reported to Mr M's credit file.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Virgin Money shouldn't have deleted Mr M's payment plan and that meant he received an unnecessary call in May to check his ability to pay. They also kept Mr M waiting for a decision on the complaint he subsequently raised. I think both of those issues would have caused Mr M distress and inconvenience. Virgin Money offered to pay Mr M £100 in compensation, but I don't think that was enough, and I'd agree with our investigator that they should increase that to £250.

Mr M's account was defaulted in November 2022 because he hadn't made payment to his account. Virgin Money have now supplied the default letter they sent to Mr M, that explained he was £511.85 in arrears. While Mr M says he didn't receive that letter, I can see it was correctly addressed and I think it's therefore more likely than not that it was sent. He'd not made a payment since June 2022 and in those circumstances, I think the decision to default the account was a reasonable one.

While Virgin Money were clearly wrong to delete the payment plan agreed in March 2022, the arrears were cleared in full by Mr M in May 2022, so I don't think that error had an impact on the eventual decision to default the account, or that the mistake would be a reason to suggest the account shouldn't have been defaulted.

Putting things right

Virgin Money should pay Mr M £250 to compensate him for the distress and inconvenience

caused by their delayed response. But I don't think they were wrong to default the account.

My final decision

For the reasons I've given above I uphold this complaint in part and tell Clydesdale Bank Plc to pay Mr M £250 in compensation, less £100 if they have already paid that to Mr M in line with their final response letter of March 2023.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 4 September 2023.

Phillip McMahon
Ombudsman