

The complaint

Mrs P complains that Clydesdale Bank Plc trading as Virgin Money handled her balance transfer and fraud on her card poorly. She says her complaint wasn't resolved, affecting her credit score, and causing her significant distress, inconvenience, and financial loss.

What happened

Mrs P decided to transfer a credit card balance to Virgin Money. She says Virgin Money told her in January 2022 that the balance transfer had gone through, but that she didn't receive her card. She says she finally received her card in February 2022 – after several calls and incorrect information from Virgin Money – and activated her online banking straightaway.

Mrs P says she discovered transactions on her card when she activated her online banking. She reported these transactions to Virgin Money as fraudulent straightaway. She says she was very unhappy that no-one at Virgin Money had mentioned these transactions when she'd been calling about not having received her card, so she also complained.

Virgin Money accepted that the transactions were fraudulent, but it didn't respond to Mrs P's complaint. Mrs P complained to us in June 2022. She said Virgin Money's actions had affected credit score and caused her significant distress, inconvenience, and financial loss.

One of our investigators looked into Mrs P's complaint and recommended that she check her credit score. Having done so, and having sent us her credit file, our investigator said that they didn't think Virgin Money's actions had had an impact on Mrs P's credit score. And they recommended that Virgin Money pay Mrs P £100 in compensation for the distress and inconvenience she'd been caused.

Mrs P was unhappy with our investigator's recommendation. She said she'd been heavily pregnant at the time and that the distress had caused complications in her pregnancy and will have a long-term impact on her and her newly born daughter. She asked for an ombudsman to look into their complaint. So, that's what I've done.

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.

Having reviewed this file and having spoken to Mrs P, I issued a provisional decision. In that provisional decision I said:

"I accept that Mrs P's balance transfer didn't go as smoothly as it should have done. In particular, I accept that Mrs P was asked for ID in order to complete the application and that this wasn't something she'd been asked at the initial stages of the application. I also accept that she had to call several times before she finally received her card. I've taken the inconvenience and frustration that these delays would have caused when assessing the overall impact of what went wrong in this case on Mrs P. American Express appears to have accepted that the balance transfer didn't go as smoothly as it

should have done.

Both parties appear to agree that a third party made fraudulent transactions on Mrs P's card – ones for which it wouldn't be fair or reasonable to hold her liable. I can, therefore, appreciate that it must have been worrying for Mrs P when she logged onto her online banking for the first time to discover that there had already been transactions on her card. Mrs P arguably had opportunities to discover these transactions earlier – she's told me she received an email on 24 January 2022 saying she'd gone over her limit. More importantly, however, I agree with her that Virgin Money could also have spotted there was an issue earlier given that Mrs P had called several times to say she'd not received her card. So, I can see why she was angry with Virgin Money when she discovered there had been transactions on her card after she'd activated and logged into her online banking.

I've spoken to Mrs P, and she's told me that she was pregnant with her second child when this all happened. She's also told me that her pregnancy had been smooth until then. And she's told me that the distress Virgin Money caused led to complications in her pregnancy and led her to give birth prematurely. I've explained to Mrs P that we'd need evidence to show that Virgin Money's actions – and not the actions of the person who used her card fraudulently – caused complications before we could consider awarding compensation to reflect that. Mrs P hasn't been unable to get hold of the evidence she says will show this to date. So, I've decided to issue this provisional decision and, as long as she's able to send me evidence to that effect by 31 May 2023, I'll take it into account. In the meantime, I've considered what award might be appropriate based on the evidence on the file.”

I then went on to consider the impact on Mrs P and said:

“It's clear that it was distressing for Mrs P to discover that there had been fraudulent transactions on her card, and the idea of being held liable for them would have been worrying too. I'm satisfied, however, that Virgin Money refunded the transactions quickly and that Mrs P wasn't aware her card had been used fraudulently until she went online. In other words, that this distress was short-lived.

It wouldn't be fair to tell Virgin Money to compensate Mrs P for the distress that she was caused as a result of being a victim of fraud. That distress was caused by the fraudster. But it is fair to tell Virgin Money to compensate Mrs P for any additional distress it caused as a result of mistakes, if any, it made when it dealt with her claim.

In this case, I do think Virgin Money made matters worse. Equally, I agree that Mrs P could have done more to mitigate. I accept, for example, that she was worried about her credit rating, and that this caused her to worry. But I agree with our investigator that this was something she could check. And I agree that the credit file Mrs P has sent us shows Virgin Money didn't record any adverse information about her.

Overall, taking everything into account, I feel an award of £300 is more appropriate – in part because Mrs P already had a lot on her plate given that she was near the end of her pregnancy, and this had a bigger impact on her as a result. So, that's the award I'm minded to make, subject to any further comments or evidence I get.”

I asked both parties to comment on my provisional decision. Virgin Money said that it was happy to pay £300 in compensation as a gesture of goodwill. Mrs P said she'd had to request her medical file, and this was taking time. She hasn't updated us since then.

Putting things right

Based on what I've seen, my view remains that an award of £300 is the appropriate remedy in this case. So, I'm going to uphold this complaint on that basis.

My final decision

My final decision is that I require Clydesdale Bank Plc trading as Virgin Money to pay Mrs P £300 in compensation in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 4 July 2023.

Nicolas Atkinson
Ombudsman