

## **The complaint**

Mr K complains that Clydesdale Bank Plc trading as Virgin Money (Virgin Money) claimed a direct debit for the incorrect amount for payment towards his credit card and provided poor service to him when he was trying to rectify this.

## **What happened**

Mr K took out a credit card with Virgin Money and completed a balance transfer from another card. The Virgin Money credit card offered an interest-free period for balance transfers which Mr K intended to take advantage of.

Mr K called virgin money when he received his November statement as he found the layout of the statement very confusing. The purpose of the call was to understand how much he was expected to pay in order to avoid paying interest on the account. Mr K didn't feel the adviser understood his query and so asked to be transferred to a supervisor. When speaking to the supervisor, they confirmed to Mr K that he would only have to pay the value of his purchases each month in order to stay interest-free even though the value of the balance transfer was showing on his statement.

Virgin Money confirmed his purchases for that month came to a total of £825.14 and he had a balance transfer on the account of £3,947.39 which would be interest-free until 9 May 2025. Mr K understood this explanation, and as his statement confirmed Virgin Money would claim a direct debit of £825.14 on 30 November 2022, he was satisfied he knew what he was expected to pay.

On 30 November 2022 Virgin Money claimed the direct debit for an amount of £4,772.50 from Mr K's bank account. At the time Mr K was abroad, he's explained he had to spend a considerable amount of time trying to resolve the matter with Virgin Money on the telephone. As he was unable to resolve the matter with Virgin Money he asked his bank to reverse the direct debit as he need to make sure there was enough money in his account for other bills, including his mortgage, which were due the following day. This meant that the purchase part of his balance (£825.14) was not paid by the due date and therefore interest started accruing on the account.

Mr K complained to Virgin Money about this, in his complaint to them he also raised other service issues such as, but not limited to, finding the complaint process difficult due to vulnerability or disability, live chat facilities not being available as advertised, call centre staff being unable to resolve issues, a lack of empathy shown to his circumstances and delays in the overall complaint handling.

Virgin Money partially upheld Mr K's complaint, they said Mr K had changed the payment method for his direct debit on the mobile app on 24 October 2022 which resulted in the full statement amount been requested on 30 November 2022, so said it wasn't their error. They apologised for not dealing with his complaint more quickly and for the poor service and lack of empathy he received when call centre staff were unable resolve his issue. They offered £250 in recognition of this and, as a gesture of goodwill they refunded the interest charges that had accrued on the account and reinstated the interest free period.

Mr K responded to Virgin Money explaining he didn't think the compensation offered was fair, due to the length of time he had spent on the phone trying to rectify the situation and other issues such as Virgin Money's wait times to speak to call centres – when they advertise “help when you need it” and “we're here 24/7 and we'll do everything we can to help”. He said he would accept an offer of £1,000 to put things right. Virgin Money again apologised but stood by their offer of £250 to put things right.

Mr K remained unhappy and so brought his complaint to this service. Our investigator thought Mr K's complaint was one that should be upheld and recommended virgin Money increase the award for the distress caused to £350, in summary they said:

- having investigated matters further it was discovered it wasn't Mr K who changed the payment method on his account but was the action of a Virgin Money representative and it was this that resulted in the error.
- Virgin Money had reinstated the interest-free promotion and adjusted the interest that already been applied to the account, and this is what we'd expect in the circumstances.
- They had looked holistically at the service issues and taken into account that Mr K was abroad when the payment was taken from his account, and this had caused additional distress and inconvenience to him.

Mr K disagreed with the investigator's findings, he said £350 was reasonable recompense for the error in debiting the funds. But he felt the failure to provide advertised, contractual and reasonably expected communication service levels warranted further compensation. As no agreement was reached between the parties the matter has now been passed to me to decide.

### **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 realise that I've summarised this complaint in less detail than the parties and I've done so using my own words. I've concentrated on what I consider to be the key issues. The rules that govern this service allow me to do so. But this doesn't mean that I've not considered everything that both parties have given to me. Having done so, I have to tell Mr K that I have reached the same outcome as the investigator and for broadly the same reasons. I'll explain, but in doing so I'll keep my comments to what I think is relevant.

It is no longer in dispute that it was Virgin Money who changed the method of payment causing the incorrect amount to be claimed by direct debit from Mr K's bank. So, I haven't looked into that issue further and have concentrated on the overall service provided to Mr K and deciding if £350 is a fair reflection of the distress and inconvenience caused to Mr K because of the error.

Mr K has told us that he spent around four hours on the phone trying to resolve the issue while abroad. He's explained to us how frustrating and worrying it was for him, as he knew he wouldn't have enough money left in his bank to pay his upcoming bills the following day. I fully appreciate how difficult this must have been for him, especially when he had called Virgin Money in advance to make sure of the payment, he was due to make.

When considering Mr K's comments that Virgin Money failed to provide contractual and reasonably expected communication, I've looked at the terms and conditions of the account.

And I can't see that Virgin Money have failed to provide any contractual service in line with the terms and conditions. However, I do accept the overall communication hasn't been great both on the phone or in writing. Especially as Virgin Money initially blamed Mr K for the mistake.

Mr K has commented that Virgin Money's pattern of behaviour is well documented and has cited reviews online and has said he feels Virgin Money should be held accountable for that and what he feels to be their false advertising. And while I understand his strength of feeling about these matters, the role of this service is to look at his individual complaint and not to look into wider issues. That is the role of the regulator, the Financial Conduct Authority. So, I haven't taken these points into account when thinking about compensation.

As well as thinking about what went wrong, I've thought about Virgin Money's actions when putting things right. I can't comment on their handling of his complaint as complaint handling isn't a regulated activity, so doesn't fall under this service's jurisdiction. But I have thought about the fact they have apologised for things they got wrong, such as their call centres not showing empathy to Mr K and not prioritising his case. And I've also considered that they did refund the interest charges and reinstate the interest free offer as I'd expect them to.

Overall, taking into account everything that's happened, and the distress and inconvenience caused to Mr K I think £350 is a fair amount to reflect this and is in line with recommendations I'd make in similar circumstances.

I know Mr K may be disappointed with this outcome. But my decision ends what we – in trying to resolve his dispute with Virgin Money – can do for him.

### **Putting things right**

Upon acceptance of this decision Virgin Money should pay Mr K £350 for the distress and inconvenience caused to him by their error.

### **My final decision**

For the reasons set out above, my final decision is that I uphold Mr K's complaint about Clydesdale Bank Plc trading as Virgin Money and I now require them to carry out the actions as set out under the 'Putting things right' section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 27 November 2023.

Amber Mortimer  
**Ombudsman**