

## **The complaint**

Mr S complains Clydesdale Bank PLC trading as Virgin Money (Virgin) blocked access to his banking app and increased his minimum monthly payments to his credit card account without prior notification, causing him financial difficulties.

## **What happened**

Mr S says he held a credit card account with a bank (Bank A) who were taken over by Virgin. Mr S says prior to the takeover he had been making his monthly payments to Bank A using his banking app, but without any notification following the takeover, the access to his app was removed, his minimum monthly payments increased, and he was given incorrect and confusing information about how he could make his payments going forward. Mr S says Virgin also failed to amend his credit card contact details correctly.

Mr S says Virgin have put him into arrears because it changed the minimum monthly amount he must pay without advising him of this and this has caused him financial hardship and is the reason why his credit card account is now in arrears.

Mr S wants Virgin to continue with the minimum monthly payments he was making when he was with Bank A and agree a suitable payment plan and reverse any interest and charges to his credit card account. Mr S also wants compensation above the £100 Virgin have offered, for the poor service he has received and for the fact Virgin didn't respond to his written correspondence regarding his issues.

Virgin says as Mr S has no valid active credit card and is in persistent debt he would not have access to the banking app. Virgin says it should have updated his credit card contact details and offered to send him paper statements and offered him £100 by way of an apology.

Mr S wasn't happy with Virgin's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says Virgin were entitled to make the changes to Mr S's credit card account terms and conditions and these changes were provided to him when his credit card account migrated. The investigator says he was satisfied Virgin had issued sufficient communications regarding the status of the arrears on his credit card account and pointed out Mr S's credit card account was in arrears before it migrated to Virgin.

The investigator didn't feel Virgin had acted unfairly in the circumstances of the complaint.

Mr S didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final decision.

I sent both sides a provisional decision, where I said :

*I've considered all of the evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*Having done so I have come to a different outcome to that of the investigator and I will explain how I have come to my decision.*

*I can understand it would have been upsetting and frustrating for Mr S, to no longer have access to his banking app and to learn his minimum monthly payments were being increased – which Mr S says he had no previous notification.*

*When looking at this complaint I will consider if Virgin acted fairly when it denied Mr S access to its banking app and if it had provided him with sufficient notification of that and the changes to its terms and conditions, including the minimum monthly payments he needed to make going forward.*

*The first thing to say here is that both Mr S and Virgin have provided this service with comprehensive correspondence regarding this complaint and while that has proved helpful, I won't be commenting on every point made as I don't feel it's necessary in order to come to a full and impartial decision here. That's not to say I haven't considered everything sent to us – I have.*

*It's fair to say that a central part of Mr S's complaint is that much of the correspondence Virgin says it sent concerning the changes in the terms and conditions, the new minimum payments, and changes to his account, weren't ever received by him. Mr S also feels the only reason he is in arrears now is due the changes implemented by Virgin when it took over his credit card account from his previous provider.*

*I understand the points Mr S makes here and I do have some sympathy with his argument in particular whether or not he was ever sent the letters regarding the changes to his credit card account following the take over by Virgin. I say this because Virgin haven't been able to provide this service with copies of any of the actual letters addressed to Mr S, simply examples of what would have been sent. More importantly here, Mr S's credit card account was blocked as it was in persistent debt which prevented any access to the new Virgin credit card app and his back-office records also indicate he was blocked from any marketing letters.*

*It's also unclear, given Mr S hadn't used his credit card for a number of years and it being blocked with no likelihood of it being reissued, why Virgin would then send a letter informing him a new credit card was on its way, in or around February 2022. Taking this into account it's fair to say it raises some doubt given all of this, that any of these letters were actually sent to Mr S.*

*Having said that it's fair to say Mr S would have been aware his account was in persistent debt and there was a need to discuss the way forward, rather than just relying on paying the same amount each month as he had before. I have also seen evidence to show even before the credit card account was taken over by Virgin, he had a small amount of arrears with the previous provider. Mr S also received credit card statements which showed he was in arrears.*

*I can see from transcripts provided by Virgin that attempts were made to discuss an income and expenditure profile with Mr S, but this seems to have not been followed up by either party but instead got lost in the complaints process.*

*So, given what is now known by both parties here, the sensible way forward is for a suitable payment plan to be put in place looking at Mr S's financial position positively and sympathetically. I would also propose that any adverse markers on Mr S's credit file from March 2022 are removed and replaced with a payment arrangement marker, as this is what I would have expected to happen at this time. I understand Virgin haven't charged interest on*

*Mr S's credit card in recent months and I propose this should be back dated from when it was reasonably aware of Mr S's financial position back in March 2022.*

*I understand Virgin have already paid Mr S £100 for the mistakes it made regarding updating his contact details and I'm satisfied that is fair in the circumstances.*

*While Virgin will be disappointed with my decision, I feel this is a fair outcome here.*

Both Mr S and Virgin responded to my provisional decision, so the case has been passed back to me to 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 gave both Mr S and Virgin until 12 September 2023 to accept or reject my provisional decision. Virgin have confirmed it has nothing further to add, but Mr S didn't feel he was in arrears prior to Virgin taking over his credit card account and says he hasn't received the £100 Virgin offered for not updating his contact details.

As far as the previous arrears is concerned, as I stated in my provisional decision this was a small amount of around £7 as Mr S hadn't fully met the minimum payment in December 2021 and this was detailed on his credit card statement of the previous credit card provider, made available to this service.

As far as the £100 is concerned if Virgin haven't made that payment it offered it should now do so.

With that in mind I see no need to change or add to my provisional decision and so my final decision remains the same.

### **Putting things right**

I instruct Clydesdale Bank PLC trading as Virgin Money :

- To discuss with Mr S a suitable payment plan, looking at his financial position positively and sympathetically.
- If there are any adverse markers on Mr S's credit file from March 2022 these are to be removed and replaced with a payment arrangement marker.
- To refund any interest and charges applied to Mr S's credit card account from March 2022, back to the credit card account.

If Virgin haven't paid Mr S the £100 it previously offered, it should now do so.

### **My final decision**

My final decision is that I uphold this complaint.

I instruct Clydesdale Bank PLC trading as Virgin Money :

- To discuss with Mr S a suitable payment plan, looking at his financial position positively and sympathetically.

- If there are any adverse markers on Mr S's credit file from March 2022 these are to be removed and replaced with a payment arrangement marker.
- To refund any interest and charges applied to Mr S's credit card account from March 2022, back to the credit card account.

If Virgin haven't paid Mr S the £100 it previously offered, it should now do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 11 October 2023.

Barry White  
**Ombudsman**