

The complaint

Mr D complains that Clydesdale Bank Plc trading as Virgin Money deactivated his bank card without authority. He said Virgin's agent wouldn't help him at the time and threatened to terminate the call. Mr D said his card had similarly been deactivated before.

What happened

Mr D wasn't able to use his card and access his account at an airport, whilst about to travel. Mr D contacted Virgin's webchat whose agent said his card had been deactivated and he should call in the morning to get this resolved. But, Mr D said this left him with no way to travel. The agent said if he had someone with him, he could transfer funds through the app and they can withdraw it for Mr D to use. But Mr D said that wasn't possible for him.

The agent said deactivation had followed the issue of a new card sent in February 2023, but Mr D said he doesn't have a new card. Mr D declined the offer of a new card. The agent said in that case Virgin wouldn't be responsible for any fraud on the account. Mr D viewed this and a warning about ending the call due to bad language as a threat and complained that his card had been deactivated without his consent.

Virgin said its system showed a new card was issued in February 2023 which meant the old card would be automatically deactivated after 56 days. Virgin understood Mr D hadn't received the new card but couldn't say if this was its error as it could have been lost in the post. Virgin said there were no issues with fraud and apologised and paid £30 compensation for any inconvenience. Virgin didn't uphold Mr D's complaint about its agent saying they had tried to help and had explained why the card was deactivated, and tried to arrange for a new card to be sent. Virgin said its agent politely asked Mr D to stop using bad language and wasn't threatening to him. Virgin requested full details from Mr D so it could investigate his statement that this had happened to him before.

Mr D was dissatisfied with Virgin's response and referred his complaint to our service. He said the compensation was inadequate and said he had lost wages, and sent some details of his earnings. Our investigator recommended the complaint be upheld in part. She said it's more likely than not there was an inadvertent error with Virgin's card replacement process, and it should pay £70 more compensation, bringing its total payment to £100.

From communications between our investigators and Mr D, our investigator set out events leading to Mr D's unfortunate airport experience. She said Virgin sent Mr D a bank card starting in September 2021 and expiring in May 2026. Mr D requested a replacement in December 2022, but said he didn't receive this immediately. Virgin's policy times the expiry of an old card by 56 days, which meant it lasted to 8 February 2023. Mr D called Virgin on 9 February 2023 that his card was no longer working. Virgin issued a new card and with this a new 56-day period started before cancellation of the card he requested in December 2022.

The investigator said Mr D received two cards (issued in December 2022 and February 2023) but didn't question the second card, and just used one of them. Mr D said he thought Virgin might have sent a duplicate card in error. The investigator thought that postal strikes and bank holidays at the time might have caused the second card to be very delayed. She said this was suggested by Mr D's webchat with Virgin when he gave the start date as 12/22, and the expiry date 11/27 matching the card in Virgin's records as issued in December 2022.

In April 2022, the 56-day timer for the December 2022 card, expired. Mr D's webchat was fraught as he was very frustrated. The agent asked him if he has the card issued in February 2023, and then cancelled that card as well. Mr D was without a working card and was put to a lot of trouble to get home. The investigator thought Mr D's response "I don't have it with me" was assumed by the agent to mean he never received the card. She said the agent should have asked more probing questions before cancelling the February 2023 card.

The investigator said that to make an award for lost wages we would need evidence that Mr D made Virgin aware at the time of the probability he would lose money due to its actions – having reviewed his communications with Virgin she wasn't satisfied this was the case.

She said Mr D's call to request a replacement card in February 2023 had no mention of his original card being cancelled – but, as it wasn't working at the time, she could see why this didn't come up. And said Mr D wouldn't have been aware of Virgin's 56-day deactivation policy. Had Mr D received his card on time it wouldn't have been a problem, but he didn't. Virgin acknowledged it's impossible to show whether it or the postal service was responsible for delay, so the investigator agreed with it upholding this part of Mr D's complaint.

The investigator said Mr D wasn't required to report the arrival of two cards to Virgin, but its terms say customers should contact it if a card is missing, which she thought was the case after the delayed delivery. She thought Mr D should have contacted Virgin about the absence of the December 2022 card earlier as this could have prevented the situation he found himself in at the airport, and so Virgin wasn't wholly responsible for the problems.

The investigator said Mr D had told us that he got a card when he ordered a replacement on 9 February 2023, but it came with a second card, which he had told the agent arrived a week later. Mr D said Virgin was aware he had more than one card. He said when he informed them they cancelled both and he was left without a card with no warning or explanation.

Mr D disagreed with the investigator and requested an ombudsman review the complaint. He said her view wasn't impartial and failed to appreciate the gravity of his situation and lacked fairness, and transparency. He said she had made the incorrect assertion that he hadn't reported the failure of the card issued in December 2022 to arrive, which underscores a lack of attention to the details. He said he is deeply dismayed by the investigators' unquestioning acceptance of Virgin's false claim regarding postal strikes. Mr D adamantly rejected the £70 compensation as it failed to address the distress and inconvenience Virgin had caused him.

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.

Mr D said he couldn't use his card at the airport and had no access to funds and received poor service from Virgin. I sympathise with him for great stress and inconvenience that he faced at that time and the implications for him in meeting his basic needs.

I've looked carefully at the events that took place concerning Mr D's bank cards. The background is what I think is most likely to have occurred during this disputed period of Mr D's bank cards and I've set it out in detail (above) to help to reach a fair outcome to his complaint. I have considered Virgin's policies to see if it acted according to what was required in the circumstances of this complaint, and to see if it treated Mr D reasonably. Virgin provided a call recording of a call with Mr D on 9 February 2023, where Mr D stated his card was not working. Virgin said as it wasn't reported lost or stolen it had no need to cancel the card and ordered a replacement and advised him of this so he would still have access to funds and could at least use the card for some transactions while he waited for the new one. Virgin said it issued a new card with the same long card number in February 2023. Its records show 'Replace Existing Card', but doesn't show a new card was sent to Mr D.

I can see that Virgin followed its policy for card replacement here and this should have settled the problem. However the new card didn't arrive, and Mr D didn't tell Virgin this, he just kept using his previous card. The numbers were the same and so Virgin wasn't aware the new card wasn't in use. Under Virgin's time policy Mr D's previous (and now cancelled card) was deactivated in April 2023. It would have been preferable if Mr D had told Virgin the new card hadn't arrived, so it could send a replacement before his old card stopped working. But I can understand his lack of contact as he obviously had a working card, and wasn't aware his old card would automatically stop working in 56 days.

Virgin thinks that it's possible that the December 2022 card and the February 2023 card arrived within a short space of time, and may explain why Mr D received two cards, when it hadn't issued two cards at the same time. This may be what happened but it's not possible to be certain.

I've seen Virgin's policy for replacing cards which states that existing cards remain active until a replacement is received, specifically until the replacement card is used or a period of 56 days has passed. It's normal practice for a bank to deactivate an existing card when a new card is provided and used, and this makes sense as it reduces the risk of fraud – if the old card wasn't destroyed or the new one intercepted in the post.

For Mr D's old card the 56 days caused it to be automatically deactivated on 6 April 2023. Mr D discovered this in crisis at the airport on 10 April 2023 and contacted Virgin's webchat. The background above explains why Mr D gave the start date of the deactivated card as 12/22, and the expiry as 11/27, whereas the agent said the active card had a start date of 02/23, and an expiry date of 02/28 - this was the card Virgin thought it had sent in February 2023. Virgin cancelled the card that hadn't been received and issued a new card, this time with a new number.

This was the second time Mr D experienced his bank card not working and as I have said was in part due to his not contacting Virgin between 9 February and 10 April 2023 to say he hadn't received the new card and was continuing to use his old card after the new card was ordered. I've checked Virgin's records and can see a new card was issued on 11 April 2023 and Mr D received a new card. Virgin upheld the complaint as a new card was ordered, and it couldn't be sure if the card had actually been sent, or lost in the post. It paid Mr D £30 for his distress and inconvenience for the possibility it didn't send the card.

Mr D described the investigator's suggestion his card was delayed by the postal strike as a 'false narrative' and describes it as 'an imaginary card that was not sent during the specified period'. I'm satisfied from the records that Mr D ordered a replacement card, but I have no idea if a postal strike or other event intervened in it being received. Since Virgin has accepted some responsibility for the non-arrival or delay of the card I don't think this is relevant.

Having looked at the communications between Mr D and Virgin's agent I haven't found the latter to have been threatening or unhelpful to Mr D. As to Mr D's lost income, we don't normally make these awards, the exception would be where there is evidence of loss that is directly linked to a mistake by a business and the business ought to have been aware of this probability, but failed to act. I haven't found this to be shown from the evidence and communications between the parties.

I've thought about what fair and reasonable compensation would be in the circumstances of Mr D's complaint. Having considered what I think took place I agree with the investigator that Virgin followed its policy for managing bank cards, but may have made an inadvertent error with the replacement of Mr D's card. I think that in all of the circumstances of the complaint further compensation of £100 is fair and reasonable. This brings the total compensation to Mr D to £130.

Mr D is concerned about his cards being cancelled without warning in the future. From his complaint experience I'm sure he will be fully aware of Virgin's policy towards deactivation of replaced cards following 56 days after release of the new card and will be able to avoid his painful experience reoccurring in future. Virgin will need to bear in mind that its policy requires that a customer's card will not be deactivated unless the customer requests it.

My final decision

For the reasons I have given it is my final decision that the complaint is upheld in part. I require Clydesdale Bank Plc trading as Virgin Money to pay Mr D further compensation of £100 for the stress and inconvenience caused to Mr D by its card replacement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 12 February 2024.

Andrew Fraser
Ombudsman