

The complaint

Mr C complains that Clydesdale Bank Plc trading as Virgin Money refused to close down his credit card account when he asked it to.

What happened

I set out the background to this complaint and my initial findings in my provisional decision dated 9 January 2024 (below).

Mr C held a Virgin Money credit card account which in early 2021 was taken over fraudulently. In sorting this out Mr C was issued a new card and when talking to Virgin Money about this card he felt the security questions for his account and so a block was placed on the account. For the block to be removed Virgin Money required Mr C to provide copies of his identification to them.

Mr C didn't provide his identification documents as he says he wasn't comfortable doing so following the fraudulent activity on his account, and so the block remained in place. Towards the end of 2021 Mr C settled the balance outstanding on the account. Sometime after this, although it's not clear exactly when, he began asking for the account to be closed – he has provided evidence dating back to April 2022 showing the request to close the account. The account was not closed.

Mr C made request to close the account by email and by visiting a Virgin Money branch, but he was unable to get assistance enclosing the account and some of these emails went unanswered.

Mr C complained about this and said that the account remaining open has been impacting his credit score and has prevented him from being able to get a mortgage offer in principle. Virgin Money said it couldn't close the account without removing the block that was on the account. And as Mr C had provided his identification, it couldn't remove the block. Mr C was unhappy with Virgin Money's response and so brought his complaint to this service. Our investigator didn't think Mr C's complaint should be upheld, in summary she said:

- while she accepted the reasons why Mr C wasn't comfortable providing copies of his identification, she had reviewed Virgin Money's policy and was satisfied it was needed to remove the block from the account.*
- It was disappointing that Virgin Money hadn't responded to Mr C's emailed earlier but even if you had she didn't think a different outcome would have been achieved given the above.*
- She appreciated the account may be having an impact on Mr C's credit score but there was no evidence to suggest that he would have been able to obtain an agreement in principle even if the account had been closed.*

Mr C disagreed with the investigator, so the matter has been passed to me to decide.

What I've provisionally 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. No disrespect is intended by this, but 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.

While reviewing the complaint I asked the investigator to contact Virgin Money to ask if they would consider stepping away from the process and closing the account without the need for Mr C to provide copies of his identification. I did this because I felt this could be a pragmatic way to move forward, given:

- there was no money owing on the account,*
- it hadn't been used since the balance had been cleared; and*
- it was unlikely a fraudster would be going to these lengths to get an account closed.*

This doesn't mean I think Virgin Money acted incorrectly in following their process and asking Mr C to provide identification to remove the block and close the account. I just thought it was fair and reasonable in Mr C's particular circumstances. Virgin Money agreed to do this.

I asked the investigator to let Mr C know this and to ask him if this now resolve matters for him. He told us that it did not and that he felt he should be compensated 5% of the mortgage value he had been applying for, when he could secure an offer in principle – £17,500. So given the main issue of the account being closed is now resolved, I will only be considering if I think compensation is due to Mr C.

When Mr C throughout the security questions, I think Virgin Money acted appropriately placing the block on his account. I've seen evidence this is the process they should follow. And given he had recently been the victim of a fraudulent account takeover; I think this was a reasonable step to take was in the best interest of the security of his account. Virgin Money have provided evidence to show their process I'm satisfied that once a block is placed on an account identification must be provided to remove it.

Strictly speaking Virgin Money did what they were supposed to do when leaving the account open and asking for identification before been able to close it. And while I completely understand Mr C's reluctance to do this, if this was impacting him in such a way that it was prevented him from obtaining a mortgage, I would have expected him to mitigate his situation and provide the identification.

As I'm saying the account was correctly left open, it follows I can't say any impact this was having on Mr C's credit file, negatively or otherwise was wrong. This means I won't be awarding compensation for this.

For completeness though, even if I did think the account should have been closed, which to be clear I don't, Mr C hasn't provided any clear evidence showing this account being open was the sole or main reason he wasn't able to obtain an

agreement in principle. What I mean by this is a letter from the lender saying something along the lines of “but for the Virgin Money credit card showing on your credit file we would have given you a mortgage offer in principle”. Even then it still wouldn't mean that 5% of the mortgage value would be an appropriate compensation figure. I say this because this service award compensation based on the impact of the error, and as I've explained above I believe Miss C could have mitigated the impact here.

I have gone on to think about the overall service Virgin Money provided and I think it's disappointing they didn't always respond to Mr C's emails, and I think they could have given him some pragmatic assistance sooner and so should compensate Mr C for this.

Putting things right

Virgin Money should pay Mr C £100 to recognise the lack of responses and assistance provided to him.

My provisional decision

For the reasons set out above, I currently uphold this complaint and I require Clydesdale Bank Plc trading as Virgin Money to carry out the actions as set out under the 'Putting things right' section of this decision.

I invited both parties to let me have anything in response they thought was relevant.

Virgin Money responded saying:

- there had been a credit balance on the account which they had now returned to Mr C.
- They were arranging for the account to now be closed, but wanted it noted this was done as an exception was outside of their usual process.
- They say Mr C had sent them an email on 25 October 2022, saying he had asked for the account to be closed on other occasions, but they had been unable to locate any such requests. They had however sent a response to Mr C in December 2022 to a previous complaint explaining they could provide very little documentation about the account until he had provided his identification. Based on this they were hoping I would change my decision.

Mr C also responded. He thanked me for helping to bring his long-standing issue and frustration to a close. He explained he was disappointed in the proposed compensation given the length of time it had taken to reach this point and said he thought compensation proportional to the credit limit on his account would have been more appropriate remediation.

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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've taken into account the comments of both parties and will address them in turn.

Mr C brought his complaint to this service following the final response letter Virgin Money provided to him in December 2022. This service provided Virgin Money a complaint form and documents from Mr C advising them of his complaint. Within those documents is an email chain from Mr C to Virgin Money, the first is dated 25 October 2022, the second is dated 9 November 2022 and the third is dated 13 December 2022. So, I find it odd that Virgin Money isn't able to locate any emails other than the one dated 25 October 2022.

All of these emails ask for Virgin Money to close the account. I haven't seen any evidence that any of these emails were acknowledged other than the final response letter issued on 14 December 2022.

Even so the award of £100 compensation wasn't only for the lack of response provided to these emails. It was as I explained for the lack of assistance provided to Mr C in his circumstances. I'll expand on this as Virgin Money clearly don't think the award is appropriate. I mentioned in my provisional decision that Mr C attended a branch to try and resolve matters. This was in April 2023, the branch called through to the security team and Mr C failed the verification for the reasons already explained. But he did have identification with him in the branch in the form of a driving licence. So, I think Virgin Money could have taken a pragmatic approach at this point and offered Mr C more assistance in closing his account.

So, I'm still minded that Virgin Money should compensate Mr C for the lack of responses to his emails and lack of assistance provided to him in his effort to close the account.

Turning now to the amount of compensation. I understand Mr C is disappointed with the amount, but as I explained in my provisional decision this service award compensation based on the impact of the error. The error here was the lack of responses to the email as mentioned above and the lack of assistance offered to him. I also took into account that Mr C could have mitigated the impact here if he felt it was causing him financial detriment.

Given all of the above, I'm not persuaded to depart from my provisional decision.

Putting things right

Virgin Money should pay Mr C £100 to recognise the lack of responses and assistance provided to him.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint and I require Clydesdale Bank Plc trading as Virgin Money 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 C to accept or reject my decision before 21 February 2024.

Amber Mortimer
Ombudsman