

The complaint

Ms B is complaining about Clydesdale Bank Plc trading as Virgin Money because she says she was told she'd been added to a bad debtor's list. She says there was no reason for this to be done as she was making payments each month.

What happened

Ms B has a credit card with Virgin. She has a long-running dispute with the business relating to a disputed transaction in 2018 and I understand Virgin's refusal to reimburse the money taken from her account is the underlying cause of her dissatisfaction and the problems she's experienced since.

The complaint about the disputed transaction was referred to us several years ago when it was considered by one of our investigators. Ms B asked us to consider this issue again more recently but one of my ombudsman colleagues decided on 4 January 2024 that we shouldn't look at the complaint further because she didn't feel any new evidence had been provided.

In more recent dealings with Virgin, Ms B says she was told she'd been added to a bad debtor's list. Virgin says this isn't correct and that it doesn't operate such a list. But it did confirm her account has been flagged as being in 'persistent debt' in line with the requirements of the industry regulator, the Financial Conduct Authority (FCA). This notwithstanding, Virgin did accept its handling of Ms B's call wasn't as good as it should have been, in particular because she was passed between different departments, and it offered £30 compensation for the distress and inconvenience caused.

Our investigator didn't conclude the complaint should be upheld. He listened to Ms B's call with Virgin and was satisfied she wasn't told she'd been placed on a bad debtor's list. He went on to explain that her account had been flagged as being in persistent debt.

Ms B didn't accept the investigator's assessment. She referred to other calls with Virgin and also outlined other issues she's experienced with how her account has been handled and how she's been treated.

The complaint has now been referred to me for review.

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 done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

Before going any further, I note Ms B has some serious health problems. I can only imagine the difficulties she's facing and how this must impact her daily life and I offer my best wishes as she continues to deal with this situation.

As I've said above, I understand the underlying causes of Ms B's dissatisfaction relate to the disputed transaction in 2018 and Virgin's response to this. But I won't be commenting on that here as another ombudsman has already decided we shouldn't be looking at this further. This decision relates solely to the separate issue of whether Ms B was told she'd been added to a bad debtor's list.

In her response to the investigator's assessment, Ms B has referred to other issues relating to Virgin's handling of her account and how she's been treated but these don't form part of this complaint and I won't be addressing them here. Our rules require a business has the opportunity to respond to any complaint before we can investigate. So, any further concerns aside from the issues my colleague recently decided we won't be investigating further should be addressed to Virgin in the first instance.

It's not common practice for lenders to keep a bad debtor's list in the way I think Ms B may be envisaging this and I've no reason to believe Virgin has such a list either. I've heard nothing in the call recording provided to make me think Ms B was added to such a list and Virgin has been unable to find any other calls during the relevant period. So I don't believe the evidence supports Ms B's complaint about what she says she was told.

I can see Ms B's account has been flagged as being in persistent debt and that Virgin contacted her about this. I think it's likely that this is the cause of any confusion that may have occurred.

As our investigator explained, the FCA requires lenders to regularly assess whether a customer has paid more in interest, fees and charges than they've repaid towards the capital they owe over the previous 18 months. Where this is the case, lenders are required to contact the customer. Virgin identified this was the situation with Ms B's account and wrote to her to explain the situation as it was required to do. The purpose of this communication was to encourage Ms B to pay a higher amount if possible and thereby reduce the amount she owed more quickly along with the amount of interest she was paying each month.

I can see the communication about being in persistent debt would have been unwelcome for Ms B, particularly in view of how her debt had accrued following the disputed payment in 2018. But Virgin was required by the regulator to contact her in the way it did and I can't reasonably conclude it did anything wrong in doing so.

The above notwithstanding, Virgin has accepted its handling of telephone contact with Ms B on this issue wasn't as good as it should have been and offered £30 for the distress and inconvenience this caused. I can see her overall dealings with Virgin have proved extremely distressing for Ms B but, within the limited scope of the issues covered by this complaint, I believe this is reasonable compensation for any distress caused by the poor handling of the telephone call provided. If Ms B hasn't already received this amount and now wishes to accept it, she can contact Virgin directly to do so.

For the reasons explained above, and given it's already made a fair offer in respect of its handling of the call with Ms B, I'm not upholding Ms B's complaint. I realise this outcome will be disappointing but I hope the additional explanation provided at least helps her to understand the position.

My final decision

For the reasons I've explained, I'm not upholding Ms B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 26 March 2024.

James Biles
Ombudsman