

The complaint

Mrs C complains about the customer service she received when a credit card she held with Clydesdale Bank Plc trading as Virgin Money failed to work while she was abroad.

Mrs C has been assisted in bringing her complaint by her husband but for ease of reference and as the credit card account was in her sole name I will only refer to Mrs C in my decision.

What happened

In July 2023 Mrs C applied for a credit card with Virgin Money. She says she told Virgin Money that she would be using the card while abroad and had been told it was suitable.

In August 2023 Mrs C went abroad and found that the credit card was working as expected and she was able to make purchases using it.

However, in September 2023 Mrs C attempted to buy some tickets for a flight but the card was declined. Mrs C contacted Virgin Money and was advised there was concern about the purchase being a fraud due to the amount involved. As she passed the security checks Mrs C was informed by Virgin Money that the temporary stop that had been placed on the card had been removed and she could use it as before.

Mrs C contacted Virgin Money a short time later to tell it that she would again be using the card to make a large payment for a service. But when she attempted to use the card as planned it was again declined. She says she was still able to use the card for small purchases at that time.

Mrs C says that when she contacted Virgin Money about the second declining of the credit card, she was told it was because the purchase had gone through as contactless, and the amount had exceeded the limit for this process. But Mrs C says that the merchant had used the chip and pin method for this transaction.

Mrs C next tried to use the card to pay a bill of around £300 but this was also declined as was a small purchase in a supermarket. Mrs C says she became very concerned the credit card wasn't working correctly as she needed to use it to buy flight tickets home. Mrs C feared she would become stranded abroad without access to sufficient funds.

Mrs C says she made contact with Virgin Money via the telephone but found it very difficult to get any assistance. She says she had to wait prolonged periods for the calls to be answered, calls were then transferred and disconnected and her requests for emergency help weren't properly dealt with. Mrs C also says the Chat function wasn't fit for purpose.

In an effort to rectify the problem, Mrs C says she paid two lots of £750 off the balance of the card in case the outstanding balance had been a factor in why payments were being declined.

Mrs C asked Virgin Money, because of the difficulties she was experiencing trying to use the card, whether the two payments she had made could be reimbursed so she could use these

funds via another account to purchase the flight tickets. Virgin Money refused to refund her. It said if Mrs C was stranded with no access to money, then she could request emergency cash that would be forwarded to a money transfer company for collection, but that this would take around 72 hours to arrange. Mrs C says this wasn't a suitable option as it would take too long; she didn't have a branch of this money transfer company near to her and she was unclear how it would work as the payment would have involved a credit card.

Mrs C, who was with her husband, then arranged to purchase the flight tickets using his card. She says by this time they were forced to purchase much more expensive tickets as economy was no longer available. On returning to the UK, Mrs C made a complaint to Virgin Money about not being able to use the credit card as planned and its mishandling of her situation.

Virgin Money didn't uphold Mrs C's complaint that the credit card had not worked abroad. It said it could see she had made a number of purchases using the card while out of the country. Virgin Money said that the flight ticket purchase had been declined because this hadn't been authenticated as required by 3D Secure which was a technical standard created by Visa and Mastercard to secure online transactions. It said this was in line with Mastercard's rules. Virgin Money said the second large sum had been declined because the merchant had processed it as a contactless payment and the amount exceeded the allowed limit.

Virgin Money said that it hadn't acted incorrectly in respect of either of these declined transactions. It also said it had acted correctly in respect of the emergency cash option.

However, Virgin Money said it would have caused Mrs C distress and inconvenience by the way her calls were handled and paid her £100 compensation for this part of her complaint.

Mrs C was unhappy at Virgin Money's response. She made a complaint to this service as she said there had been other purchases using the credit card which had been declined, namely the £300 bill and a small purchase in a supermarket. She said the emergency money process was unsuitable particularly given the amount of time it would take. She said Virgin Money hadn't treated her fairly and should pay a larger amount of compensation to reflect this.

Our investigator recommended that Mrs C's complaint should be partially upheld in that he agreed a larger sum of compensation would be fair. However, he disagreed that the amount requested by Mrs C, which was to cover costs that had arisen from the credit card being declined, were reasonable in the circumstances.

Our investigator said he thought Virgin Money could have done more to assist Mrs C as she had clearly been concerned about being stranded abroad unable to pay her bills. He said he thought £500 compensation was fair and reasonable.

Virgin Money disagreed with our investigator's view. It says that it wouldn't have refunded the two £750 payments made by Mrs C as this isn't something that it does. Virgin Money said it had offered her emergency cash and although it's aware that wasn't the resolution Mrs C had wanted at the time it was the only one available. It says it doesn't agree that £500 compensation is warranted.

Mrs C has agreed with the view of our investigator. However, she says that she has responded to questions and requests for evidence within the time limits set by the investigator, but Virgin Money has not. She says the compensation should be raised by a further £500 to a £1,000 due to Virgin Money's unwarranted delay in drawing the matter to a conclusion.

As the parties have been unable to reach an agreement the complaint has been passed to me.

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.

Looking first at Mrs C's complaint about the credit card not working as expected while abroad, Virgin Money says the card did work and I'm only aware of two declined payments – for the flight tickets and the second large sum to a merchant. It says it's unaware of any attempted payment of around £300 nor of a declined small sum in a supermarket.

I've seen that the flight tickets were an online purchase and in the amount of just over £1,690. This purchase didn't clear through the 3D secure process as required by the card provider, Mastercard. I don't know what happened in respect of this process, but I haven't seen any evidence that this was an error by Virgin Money, so I'm satisfied this was correctly declined.

In respect of the second declined purchase which Virgin Money says was due to the merchant using the contactless process, again, although I appreciate Mrs C says this was actually a chip and pin transaction, I haven't seen any evidence that this failed because of an action taken by Virgin Money. I can't reasonably say that this wasn't due to an error by the merchant. So, I am satisfied this purchase was also correctly declined at the time.

I appreciate it was the failure of the credit card to pay the bill of around £300 and the supermarket purchase that alarmed Mrs C about the card working properly. However, Virgin Money has no records of either of these attempted purchases even though Mrs C has shown evidence that these payments were declined as she says. But without evidence that Virgin Money was responsible for declining these two payments I can't say it was due to Virgin Money that these payments didn't go through. I can't reasonably say the credit card didn't work as expected while Mrs C was abroad.

Virgin Money has accepted that Mrs C didn't receive the customer service she would reasonably have expected. It has acknowledged the delays she faced during her calls to it and paid her £100 compensation. As set out by our investigator, this amount is in line with what this service would expect as compensation for having to deal with excessive call time. So, I think that payment was fair.

However, Mrs C was in a difficult situation regarding needing to use the card to arrange flight tickets home. I think she was justifiably concerned about becoming stranded without sufficient funds to pay bills. Although I can't reasonably say Virgin Money had unreasonably declined payments, the card had been declined several times which would have led Mrs C to conclude there was an issue with it.

While I appreciate Virgin Money offered Mrs C the emergency money, this solution didn't fit with her needs and was an unsuitable and impractical option given her actual circumstances. When put to Virgin Money by our investigator that it could have reimbursed Mrs C the £1,500 she had paid while abroad towards the balance of the card, Virgin Money has responded that it doesn't provide such repayments. But it hasn't given an explanation for that nor why it couldn't look at a work around. I'm still unclear why this money couldn't have been returned to the account Mrs C used when making these payments. This would have allowed her to have funds she knew she could access.

Looking at what would be a fair settlement for Mrs C's complaint, I agree with our

investigator that the additional expenses she sought to be reimbursed for are not ones I can say Virgin Money was responsible for. As set out above, I don't have enough evidence to say that Virgin Money acted unreasonably in respect of any of the declined payments.

However, I accept that Mrs C was caused additional and unnecessary distress and inconvenience by Virgin Money's handling of her requests for assistance, and I think it could have done more to help her. I agree with our investigator that £500 compensation to Mrs C is just and fair looking at the impact this has had on her.

Mrs C says that as Virgin Money was late in responding to our investigator's view and by prolonging the process of this complaint the amount of compensation should be doubled. I'm sorry to disappoint Mrs C but I disagree. It isn't in my remit to punish businesses and Virgin Money is entitled to challenge the investigator's view. Although I haven't agreed with what it has said this isn't grounds to increase an award of compensation as that would be unfair. I've also seen that Mrs C has raised a number of past decisions by this service where similar complaints were upheld. But each case is considered on its own merits so even if a case was similar this wouldn't necessarily mean that it would also be upheld. Virgin Money has disagreed that additional compensation for Mrs C was fair, and it has a right to put forward its views for consideration. I'm therefore not going to increase the compensation from £500.

Putting things right

I'm asking Virgin Money to pay Mrs C £500 compensation for the distress and inconvenience caused to her by its customer service.

My final decision

For the reasons set out above, I'm asking Clydesdale Bank Plc trading as Virgin Money to pay Mrs C £500 compensation for the distress and inconvenience caused to her by its customer service.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 11 June 2024.

Jocelyn Griffith
Ombudsman