

## **The complaint**

Mr H complains that Clydesdale Bank Plc, trading as Virgin Money, recorded a missed payment marker on his credit file in error which impacted a mortgage application.

## **What happened**

Mr H had a credit card with Virgin Money which had a £5 monthly fee. Around April 2020 he wanted to pay off the full balance and close the account. He said he called Virgin Money's helpline to do this. Mr H said he paid off the full balance and cancelled the direct debit. He said a month later he received a letter from Virgin Money telling him he had missed his monthly payment. He said Virgin Money had added the £5 monthly fee to the account after he had called to close the account. Mr H said he spoke to Virgin Money straightaway and explained the situation. He said he was told the problem would be sorted.

In 2023 Mr H applied for a re-mortgage. He said the mortgage was refused and he was told that a marker was on his credit file. He said he discovered that Virgin Money had marked his credit file with a non-payment for £5 it had added to his account after he had closed it. He said this prevented him from getting a more favourable interest rate on his re-mortgage. He complained to Virgin Money. He said it had added £5 to his account in error. He wanted the marker removed from his credit file and a refund of the subscription to his credit file. He said both his mortgage borrowing and interest-rate were poorer than they would have otherwise been.

In its final response Virgin Money said it hadn't made an error when it attempted to collect a payment. It said the payment was reversed and a charge was applied. It said the account could not have been closed as there was an outstanding £9 failed payment charge. It said it has a duty to report factual information to credit reference agencies.

Mr H didn't agree. He said Virgin Money had missed the point. He said it added the £5 to his account in error and then wrote to him via post. He said an email would've resolved the issue sooner.

Our investigator concluded that Virgin Money hadn't done anything wrong, so Mr H asked for a decision from an ombudsman.

## **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 realise this will come as a disappointment to Mr H but having done so I won't be asking Virgin Money to do anything further.

Mr H has said Virgin Money applied the monthly fee to the account after he had called to close it and in doing so made an error. I've seen copies of Mr H's statements. The statement produced on 23 March 2020 states Virgin Money will collect £76.82 by direct debit on 14 April. It goes on to state:

*"Please note, we'll still collect this even if you make additional payments. We'll only reduce the amount we collect if it's going to put your account in credit following additional payments or refunds we've received."*

On page 2 of the statement it says:

*"Please remember, we will still collect your direct debit even if you make additional payments."*

On page 3 it says:

*"It will normally take 3 to 5 business days for a transaction to reach your account, although in some cases, such as those involving transactions from abroad, this can take longer."*

I've also seen a copy of Mr H's statement dated 23 April 2020. I note the following transactions:

<i>Transaction date</i>	<i>Post Date</i>	<i>Description</i>	<i>Amount</i>
8 April	8 April	Payment received	-£6,000
9 April	<b>14 April</b>	Payment received	-£1,682.48
14 April	14 April	Payment DD	-£76.82
14 April	15 April	Payment reversal	£76.82

Mr H made two payments to the account to cover the balance. The first transaction is dated 8 April and the 'post date' – that is the date the transaction was received by the account – was also 8 April. Mr H's second payment was made on 9 April but the post date was 14 April. This is likely because 9 April was the Thursday before the long Easter bank holiday weekend. So the transaction didn't clear until the following working day, the same day Mr H's direct debit was due to be taken. This direct debit failed and the payment was reversed. This is likely because the account from which the direct debit was taken had insufficient funds.

Virgin Money has said the direct debit *"will always be attempted even if the customer makes an additional payment - unless they pay in full."* But Mr H's second payment hadn't cleared in time for the direct debit. And it was Mr H's responsibility to ensure his payment cleared.

In the terms and conditions of the account it says:

*"9.7 Any payment applied to your account will be reversed if it does not clear and a failed payment charge will be applied to your account."*

Because the direct debit failed Virgin Money applied a 'failed payment charge' of £9. I'm satisfied this charge was correctly applied in line with the terms and conditions. Mr H has said the card fee was applied incorrectly. But this wasn't the card monthly fee of £5, it was a late payment charge.

The payment due on the statement dated 23 April was £9. Virgin Money provided evidence it sent a 'minimum payment due' text on 7 May but a payment wasn't received. Mr H called to close the account on 5 June and Virgin Money refunded the late payment charge.

Mr H would like the late payment marker removed from his credit file. I do understand why he would like this, but Virgin Money has a responsibility to report accurate data to the credit reference agencies. And while it did refund the fee, it had been applied correctly and after the payment was missed. In the terms and conditions of the account it says:

*"8.2 You are responsible for checking your statement each month. You must tell us*

*straight away if:*

- > you do not receive a statement when you expect one.*
- > you are not able to access your statement.*
- > you think something on your statement is wrong.”*

So it was Mr H's responsibility to check his statements, to check his payments had cleared and that his account was in order.

If Mr H remains concerned about the late payment marker on his credit file he has the option to add a 'notice of correction' on his credit file. This is a statement that can be added for potential lenders to explain why a marker is showing.

### **My final decision**

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 28 October 2024.

Maxine Sutton  
**Ombudsman**