

The complaint

Mr W says that Clydesdale Bank Plc, trading as Virgin Money, were unreasonable to default his credit card account.

What happened

Mr W's credit card account was defaulted in August 2022. He says that Virgin Money prevented him from making payments to the account because; he worked offshore and no longer had access to the App after the business was migrated to Virgin Money and the App was changed, and because they couldn't take a phone payment.

He wasn't happy with Virgin Money's response to his complaint and he, therefore, referred it to this Service and our investigator provided an opinion. It was his view that Virgin Money weren't wrong to default the account but that they should have done so earlier than they did. He suggested Virgin Money amend the default date to September 2021 which would mean it would stop being reported to Mr W's credit file earlier.

Mr W didn't agree with the investigator's opinion so his complaint has been passed to me, an ombudsman, to make a final decision.

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 know it will disappoint Mr W, but I agree with the investigator's opinion. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

The Information Commissioner's Office (ICO) says when a consumer is at least three months behind with their payments then a default may be registered. They would expect a default to be registered by the time a consumer was six months in arrears.

Statements show that Mr W was in arrears of that nature by July 2021 and that a payment plan was set up to help him to clear the arrears. Payments were due towards that plan in July, August, and September 2021 but while Mr W made the first two, he missed the minimum September 2021 payment. In those circumstances, and because arrears were already at the level that would fairly give cause for a default to be registered, I think the account should have been defaulted in September 2021.

I don't think Virgin Money were, therefore, fair not to default the account until August 2022 and I'm asking them to amend that date to September 2021 which will mean that the default clears Mr W's credit file earlier.

Mr W appears to have had problems accessing the App after it was migrated to Virgin Money in February 2022. That was after I think the default should have been applied so it wouldn't be fair for me to suggest access to the App had any impact on whether the default should have been applied. And, regardless, the account statement explains that there were other, numerous ways, by which Mr W could reasonably have made payments towards his account e.g., by bank transfer.

My final decision

For the reasons I've given above, I uphold this complaint in part and tell Clydesdale Bank Plc to change the date of the default to September 2021.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 18 July 2024.

Phillip McMahon
Ombudsman