

The complaint

Mr W complains about the service he received from Clydesdale Bank Plc trading as Virgin Money when he called to query the balance on his account.

What happened

On 3 January 2024 Mr W called Virgin Money to query whether he owed any money on his account. He said he'd received a statement showing that he would be charged interest of £226.35. The agent located Mr W's account and advised him that he didn't have any interest charges and that the account was in credit by £9,500. The agent advised Mr W how to reverse the balance transfer of £9500 which had put his account into credit.

Mr W subsequently received a letter from Virgin Money advising him that he'd missed a payment. This affected Mr W's credit score and some of his other credit card providers reduced his credit limit.

Mr W complained to Virgin Money. He said he'd received statements from them showing a zero balance on the account and that he'd been told when he called that there was nothing owing on the account.

Virgin Money didn't uphold the complaint. In its final response it said that when Mr W had called on 3 January 2024 the agent asked him if he was calling about account ending 4700, which Mr W had confirmed he was. It said the agent had correctly advised him that he didn't owe anything on this card. Virgin Money said that having looked into things further, it could see that Mr W had another card ending 0145 which is the card the statement related to. Virgin Money explained that Mr W had a promotional rate on this account which had ended on 17 December 2023, at which point the account became interest bearing. Virgin Money said that because it hadn't received any payments to this account, the account had fallen into arrears and had become the subject of collections activity. Virgin said it had sent several letters to Mr W about the arrears and had correctly reported the arrears to the credit reference agencies.

Mr W wasn't happy with the response. He said he was told when he called Virgin Money that he didn't owe anything and that he didn't have two accounts. Mr W said he'd only ever had one account and he'd cleared the balance on that some time ago.

Our investigator upheld the complaint. She said that having listened to the phone call between Mr W and Virgin Money, she thought Virgin Money could've done more to help Mr W with his enquiry as it was clear that he was querying an interest charge. The investigator said that if Virgin Money had asked Mr W some additional questions, it might have realised that Mr W's query related to a different account. The investigator said that although Mr W disputed having two accounts with Virgin Money, she was satisfied that he ought to have been reasonably aware that there was a balance on the account ending 0145, as he had queried the pending interest due but hadn't queried the fact that there was a balance on the account. The investigator said she couldn't tell Virgin Money that it couldn't pursue Mr W for the outstanding balance. She said that because Virgin Money's handling of Mr W's enquiry caused confusion, it should pay compensation of £200 to Mr W.

Mr W didn't agree. He said he wanted Virgin Money to remove the interest and arrears and amend his credit file. He said he would then get a new credit card and transfer the balance from Virgin Money.

Virgin Money didn't agree with Mr W's proposal. It said it didn't appear that Mr W was disputing the debt and said it hadn't received any payments on the account since January 2024. It said it didn't agree to remove the interest or amend Mr W's credit file.

Because Mr W didn't agree with the investigators opinion, I've been asked to review the complaint.

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 listened to the call between Mr W and Virgin Money. Mr W starts the call by saying that his promotional rate had come to an end and that he had recently done a balance transfer which isn't showing on his account. He then refers to an interest charge and an outstanding balance. The agent asks Mr W if he is calling about account ending 4700 and he says he is.

I've reviewed the statements of account for account ending 4700. The account was opened in February 2020. In April 2020 Mr W completed a balance transfer to the account from another credit card in the sum of £7,472.19. In October 2021 the balance on the account was cleared.

I appreciate that Mr W has told this service that he didn't have a second account. However, Virgin Money has provided information which shows that Mr W opened a second account (card ending 0145) in September 2021. Mr W completed a balance transfer from another credit card provider to this account in the sum of £12,000.

It's the account ending 0145 which has a balance. Based on what I've seen, I think it's likely that Mr W received a statement for this account in December 2023 which detailed the outstanding balance and the interest charge. And although Mr W told the call handler that he was calling about account ending 4700, he was mistaken, and was calling about account ending 0145.

I agree with the investigator that much of the confusion could've been avoided if Virgin Money had asked Mr W some additional questions when he called in January 2024. It's clear from the call that Mr W was querying interest charges on his account. There were no interest charges on account ending 4700 because that balance had been cleared in 2021. So, the call handler didn't make an error when he/she advised Mr W that there was no balance on the account. However, if Virgin Money had checked all of Mr W's accounts, I think it would've identified the account which Mr W was calling about (or intended to call about) which was account 0145.

Because of the confusion, Mr W didn't make any payments to account 0145. This is why there are now arrears and why Mr W's credit file has been impacted. Although I've said above that Virgin Money could've done more to help Mr W when he called, I also think Mr W needs to take some responsibility for what's happened here. I say this because Mr W must've seen a statement for account 0145 in order for him to call and query the interest charge in January 2024. So, he ought reasonably to have been aware that there was a balance on account ending 0145 and that payments were due.

Taking all the available information into account, I don't think its fair to ask Virgin Money to

remove the arrears or amend Mr W's credit file. I haven't seen any evidence to suggest that the balance on account ending 0145 isn't a legitimate balance. There are arrears on the account because Mr W hasn't made any payments since January 2024. So, I can't say that Virgin Money has made an error by reporting the arrears to the credit reference agency, as it has correctly reported the current state of the account.

Putting things right

I've explained above why I think Virgin Money should've done more to help Mr W when he called in January 2024. The failings in customer service caused confusion for Mr W. I agree with the investigator that Virgin Money should pay Mr W compensation of £200 for the trouble and upset caused by Virgin Money's handling of the call.

My final decision

My final decision is that I uphold the complaint. Clydesdale Bank Plc trading as Virgin Money must pay compensation of £200 to Mr W.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 1 January 2025.

Emma Davy
Ombudsman