

## The complaint

Ms A complains that Clydesdale Bank Plc trading as Virgin Money failed to implement her request to switch from paying the minimum payment owed on her credit card account to the full balance. Because of this, Ms A paid only the minimum payment and interest was applied to the outstanding balance owed.

## What happened

My provisional decision of 28 October 2024 set out the background to this complaint:

*“Ms A opened her credit card account in January 2021. The account offered her a 0% interest rate on purchases until 13 August 2022. Ms A said she had a reminder in her diary to switch her direct debit payments from the minimum payment to the full balance ahead of her 0% interest period ending.*

*The outstanding balance owed on Ms A’s July 2022 statement was £9,669.24 and her monthly minimum repayments were around £95. Ms A said she called Virgin in August 2022 and asked to amend her direct debit instruction so that the full balance was paid. Ms A says she didn’t check her account to confirm the full outstanding balance of £9,669.24 was debited from her current account as instructed. Ms A said she put her credit card away in a drawer and never used it again, as she had only taken the account to take advantage of its 0% interest rate offer. Ms A said she did not check her statements, which were emailed to her, as she wasn’t using her card anymore.*

*From August 2022, Virgin began to charge Ms A interest on her outstanding balance, which increased her monthly repayments to over £250. In addition, £19.95 per month was charged to her account by ‘locatemyphone.co.uk’ and £9.99 per month was paid to Netflix. Virgin continued to collect the minimum balance owed by direct debit. Virgin sent Ms A monthly statements by email, which showed the outstanding balance owed to it was increasing.*

*On 22 August 2023, Virgin sent Ms A a letter. It said:*

*“We’re getting in touch because over the last 18 months, you’ve been paying more in interest, fees and charges on your Virgin Money Credit Card than you’ve paid towards your balance. This means your account is in ‘persistent debt’, so it’s taking longer and costing you more to pay off. You need to increase your monthly payment as soon as possible, if you can’t do this you need to let us know.”*

*In January 2024, Ms A used a third-party app to consolidate and categorise all her spending across her cards and bank accounts. In doing so, Ms A discovered she had been charged interest on the outstanding balance owed on her account for 16 months. She complained to Virgin.*

*Virgin responded on 21 February 2024. Virgin said it had checked its records from July to September 2022 using Ms A’s registered phone numbers and had no record of her calling,*

*so it did not uphold her complaint. Virgin said Ms A agreed to the account's terms and conditions, including the interest rate applied to the account. Virgin said it would arrange a payment of £50 to apologise for the distress and inconvenience Ms A had experienced.*

*Unhappy with Virgin's response, Ms A referred her complaint to our Service. Ms A said Virgin should have a responsibility to get in touch with customers via phone or letter and ensure they're aware of the charges. Ms A added she had disputed some payments made to 'locatemyphone.co.uk', which she wanted to include as part of her complaint. Ms A said Virgin had refunded three payments, the retailer had refunded 12 payments, and there were eight payments left to be refunded.*

*In its submissions to our service, Virgin said Ms A's bank contacted it to amend the paying account on her direct debit instruction. It then sent Ms A an email in August 2022 to confirm the change.*

*Virgin provided its activity log for Ms A's mobile app, which showed:*

- Ms A logged in to the app in February, March, April, July, August, September, October, November and December 2021.*
- Ms A logged into the app on 1 and 8 July 2022.*
- Ms A logged into the app twice on 24 October 2022 – after she said she'd instructed Virgin to take a payment for the full outstanding balance owed to it. The activity log for this day shows she viewed her direct debit page but made no amendments and viewed a list of recent transactions.*

*Virgin added that Ms A had disputed three transactions to 'locatemyphone.co.uk' which were mentioned in her complaint to our service. Virgin had processed those three chargebacks. Virgin said Ms A had not complained about the remaining transactions.*

*One of our Investigators reviewed Ms A's complaint but didn't uphold it. In summary, our Investigator said:*

- There wasn't enough evidence to show Virgin had not carried out Ms A's instruction to amend her payment from the minimum monthly balance to the full balance owed.*
- Virgin had charged Ms A interest in line with the terms and conditions of her account.*
- Ms A had disputed payments to 'locatemyphone.co.uk' separately and, as this was not part of this complaint, our Investigator would not comment on this issue.*

*Ms A said it was very convenient for Virgin not to be able to locate her August 2022 call. Ms A asked our Investigator to obtain Virgin's app activity log to show she had not accessed her statements through the app. Ms A said Virgin should have a responsibility, and a Consumer Duty, to reach out and communicate the charges outside of her statements by phone or letter.*

*Our Investigator explained they had considered the principles of the Consumer Duty. Having done so, our Investigator's opinion of Ms A's complaint remained unchanged. Ms A remained unhappy, so her complaint has come to me for a decision."*

*My provisional findings were as follows:*

*"In making her complaint, Ms A says Virgin has breached its Consumer Duty to her. I should clarify that the Consumer Duty came into effect on 31 July 2023, and I have taken this into account when considering events that occurred after this date. The Duty does not apply retrospectively. When considering the events that occurred before 31 July 2023, I have considered whether Virgin treated Ms A fairly whilst taking into account applicable laws, rules and regulations that were in place at the time.*

*Virgin says it has no record of Ms A ever calling to switch her direct debit instruction to pay the full outstanding balance owed. Virgin said it did receive an instruction to switch the current account paying Ms A's direct debit from the paying bank, which it processed. Virgin has sent a screenshot of its systems, which showed it received a request to amend Ms A's bank account number and it sent Ms A an email to confirm the change. I think the evidence suggests Virgin only received an instruction to amend Ms A's paying account. And I think the email Virgin sent Ms A to confirm the change ought reasonably to have alerted Ms A to a problem if she had expected the direct debit instruction to also pay the full balance owed.*

*There is no evidence to suggest Virgin would have chosen not to process Ms A's instruction to pay the full outstanding balance. Virgin would have been obliged to implement Ms A's instruction if it had received it. As Ms A hasn't been able to provide evidence to support her testimony that she called Virgin to pay off the full outstanding balance, I am unable to conclude that Virgin failed to implement her instruction.*

*Ms A said she wasn't aware she was still making only the minimum repayments owed on her account because she didn't check her statements. When making her complaint, Ms A said:*

*"I put the credit card away in a drawer and never used it again (as the sole purpose of that card had been for the 0% purchase offer)".*

*But Ms A later said she did see monthly payments going out to Virgin from her current account:*

*"Please note, I did see an amount going out each month from my bank to Virgin Money - I assumed some of my subscriptions (such as Netflix and similar subscriptions) are on the card, and that the FULL amount is being collected each month. I wasn't making new purchases on the card and not using it. But since the amount collected each month from my bank seemed in the reasonable, I assumed they're th [sic] collection of the full statement each month covering subscriptions."*

*Ms A says she didn't check her statements and would have been more likely to do so had they also been posted.*

*I have reviewed the terms and conditions of Ms A's credit card account, which she agreed to when applying for the account. They say:*

*"8.1 Each month there is a payment into or out of your account or there is a payment due on your account, we will let you know that there is a free statement which you can view and download in the app. If you have also requested a free paper statement we will post it to you.*

*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.”*

*I think the terms clearly explain Ms A would only receive a statement if her account was still actively making payments, or an outstanding balance was owed. The terms and conditions were also clear that statements would be emailed, but Ms A could also request a paper statement if she wanted one. Ms A doesn't dispute she received emails about her statements each month. So, I'm satisfied she was aware statements were being generated each month and how she could check them.*

*Ms A says she did not notice the full balance owed to Virgin (nearly £10,000) was not debited from her current account. It appears Ms A did not notice her monthly repayments increased from around £95 to over £250. But it remains that Ms A was aware her account was still being used, even if just for things like her Netflix subscription. And under the terms of her account, it was Ms A, and no one else, that was responsible for checking her statements.*

*Ms A says she never used the Virgin app, which she got for the first time in January 2024. This directly contradicts the activity log of app use provided by Virgin. Virgin says Ms A did have access to the app and logged in on 24 October 2022, after Virgin had begun to charge interest on the outstanding balance owed to it. Virgin said Ms A would have seen the “home screen” showing a summary of her account – so she would have seen the outstanding balance still owed – and Ms A viewed a list of recent transactions. The activity log also says Ms A reviewed her existing direct debit and there is no evidence to suggest she raised a concern about it. But in any event, I have seen no evidence to suggest there was any issue with the facility Virgin provided to allow Ms A to view her statements if she had chosen to do so.*

*Ms A says she would have been more likely to have checked her statements had they been posted to her. As I've said above, Ms A could have requested free paper statements. I've seen evidence that Virgin also wrote to Ms A in August 2023, explaining that the outstanding balance of her account was increasing. So, I think Virgin met its obligations to make Ms A aware of the current position of her account by sending the letter in addition to the monthly emails it sent Ms A about her statements.*

*I've thought about Ms A's arguments that Virgin should have done more, particularly after the Consumer Duty came into effect on 31 July 2023. I've considered the relevant rules, which include Virgin's obligation to enable and support Ms A to pursue her financial objectives and communicate in a way which was clear, fair and not misleading. So, Virgin needed to put Ms A in an informed position to make decisions in line with her needs and financial objectives.*

*As I've said above, it's not disputed that Virgin emailed Ms A every month about her statements. It's not uncommon for statements to be sent by one form of correspondence. So, I can't agree Virgin treated Ms A unfairly by not also sending her copies by post – especially when she had a direct debit in place and was making the minimum payments each month. I also have to place weight on the fact that had Ms A checked her statements as expected, she would have seen they clearly set out her balance, transactions and the interest charged. I note each statement said, in bold:*

***“Minimum payments***

***If you make only the minimum payment each month, it will take you longer and cost you more to clear your balance.”***

*I think Virgin took reasonable steps to make Ms A aware she was only paying the minimum payment and doing so meant it would take longer to repay the outstanding balance owed.*

*Ms A also had access to Virgin's mobile app. When logging in, Ms A would have seen a summary of her account. The app also allowed her to view recent transactions and her direct debit instruction. So, again, I'm persuaded Virgin gave her access to the information that would have shown she had an outstanding balance and was being charged interest. This is what I'd expect a reasonable lender to do, and in turn I consider Virgin treated her fairly in the circumstances. I'm not persuaded Virgin's actions prevented Ms A from being able to check the status of her account as she had agreed to do under the terms and conditions of her account.*

*As there was an outstanding balance owed to Virgin after the 0% interest period expired, the terms and conditions of the account entitled it to apply interest. I've seen no evidence to suggest Virgin applied interest incorrectly. I know Ms A is frustrated she paid interest when she had enough money in her current account to pay the outstanding balance owed. But as I've said above, I don't think there's enough evidence to show Ms A instructed Virgin to amend her direct debit to pay her full balance prior to the 0% interest period ending. I also think Virgin took sufficient steps to provide Ms A with the information she needed to see her outstanding balance and understand how it had been calculated.*

*I note Virgin said it would pay Ms A £50 compensation, which it has since clarified it paid in February 2024. As I have seen no evidence of any error on Virgin's part, I do not think it needs to do anything to put things right."*

Neither party to this complaint responded to my provisional 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.

As neither party responded to my provisional decision, my provisional findings (set out above) remain unchanged.

### **My final decision**

For the reasons explained above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 10 December 2024.

Victoria Blackwood  
**Ombudsman**