

The complaint

Mr L complains about the way in which Clydesdale Bank Plc trading as Virgin Money handled his account.

What happened

Mr L opened a credit card with Virgin Money in May 2016. At the time of taking out the card, it had a promotional rate of interest. The promotional rate ended in December 2018 and from this point onwards the standard rate applied.

On 28 September 2019 Virgin Money wrote to Mr L and advised him that his account was in persistent debt. In the letter, Virgin Money explained to Mr L that if he paid more than the minimum payment each month the balance would be cleared more quickly.

Virgin Money wrote to Mr L again in June 2020 and advised him that his account remained in persistent debt. In the letter Virgin Money asked Mr L to increase his monthly payments and said that if he didn't, it might close or suspend the account.

On 2 July 2020 Mr L registered for online access to the account.

In January 2021 Mr L contacted Virgin Money to discuss increasing his payments. However, when Mr L discovered what the balance was on the account, he was shocked and became worried that the account had been used fraudulently. The Virgin Money agent handling the call asked Mr L if he could like paper copies of his statements sent to him and Mr L said yes, but he never received these.

In March 2021 Virgin Money wrote to Mr L and advised him that the account was still in persistent debt. In then letter Virgin Money advised Mr L that his use of the card would be restricted going forwards, and that he wouldn't be able to make balance transfers or cash withdrawals. The letter set out several options that were available to Mr L to reduce the balance and asked Mr L to make contact by 8 May 2024.

Virgin Money didn't hear from Mr L in response to the letter. When the card expired, Virgin Money advised Mr L that it wasn't sending a new one.

In April 2024 Mr L complained to Virgin Money. He was unhappy that he'd never received the paper statements he'd requested and was unhappy that he wasn't able to transfer the balance on the account to another provider.

Virgin Money issued a final response on 6 June 2024. It acknowledged that it hadn't sent the paper statements and said the agent who spoke to Mr L in January 2021 could have done more by setting up the account for paper statements going forward. Virgin Money offered compensation of £80 for these service failings, which was applied to reduce the balance on the account. In relation to the other aspects of Mr L's complaint, Virgin Money said it was Mr L's responsibility to check his statements and that because it hadn't heard back from him with regards to the options for repaying the balance, it had taken the decision not to renew the card.

Mr L remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. She said that Virgin Money's response to the complaint was fair.

Mr L didn't agree. He said he'd requested paper statements in January 2021 and had never received them. Mr L said it wasn't fair to expect him to increase his payments until he'd had sight of the statements and checked to see whether the card had been used fraudulently. Mr L said that if Virgin Money had sent him the statements in January 2021 as it should have done, none of his complaint points would exist now. Mr L also said that he wasn't able to transfer the balance to another provider at a more favourable rate of interest and felt that Virgin Money had imprisoned him with debt that he should be able to move to another provider.

Because Mr L didn't agree 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 know it will disappoint Mr L, but I agree with the investigator's opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on those points which are most relevant to my decision. 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 essence of Mr L's complaint is that Virgin Money failed to provide him with paper statements in January 2021 despite saying it would. He says that because he hasn't received the statements, he hasn't been able to check his transactions to determine whether the balance is genuine or whether his card has been used fraudulently. Mr L says he was aware that Virgin Money wanted him to increase his monthly payments but says he wasn't prepared to do this until he'd had the opportunity to check that the balance was genuine.

The other significant element of Mr L's complaint is that – as a result of the card expiring and not being renewed – he's unable to transfer the balance to another provider. This has left him in a position where he has no option but to pay off the balance at the standard interest rate set by Virgin Money, whereas if he transferred the balance it's possible that he could benefit from a promotional or lower rate of interest.

There are other elements to this complaint which I've taken on board, but I'll be focussing on these two aspects in this decision.

Paper statements

I've listened to the call between Mr L and Virgin Money in January 2021. Mr L had called Virgin Money to make a payment. During the call, Mr L said that the balance on the account appeared to be high and that he wanted to review all the transactions since the account was opened. The agent offered to send paper statements to Mr L. There was discussion about the cost of the statements at £4.00 per statement, which Mr L agreed to.

It's not in dispute that the statements were never sent to Mr L. Mr L has confirmed that he was never charged for the statements, so he hasn't been disadvantaged financially. Virgin Money has acknowledged that it made an error here. It has since offered to send the

statements free of charge.

Whilst I understand Mr L's position insofar as he was reluctant to increase his monthly payments until he'd had the chance to check his statements, I also think it's reasonable to expect that Mr L would've followed up with Virgin Money when the paper statements didn't arrive. I can't see that Mr L ever contacted Virgin Money after January 2021 (other than when he raised his complaint in April 2024). If Mr L was genuinely concerned that his card had been subject to fraudulent use (which is what he's told this service) then I would've expected him to have made further efforts to obtain paper statements.

I've also taken into account that Mr L was registered for an online account since July 2020, so he could've viewed his statements online and checked the transactions. I appreciate that Mr L was waiting for the paper statements to arrive, but this wasn't the only means he had of checking how the balance had arisen.

The terms and conditions of the account – which Mr L agreed to when he opened the account and took out the card – state that it's the customers responsibility to check their statement each month. Mr L would've received an email every month advising him that his online statement had been generated and was ready to view.

Whilst I agree that Virgin Money made an error by failing to send paper statements in January 2021, I don't think this meant that Mr L was without any other means of checking his statements at this time. And whilst it was ultimately up to Mr L whether he increased his monthly payments at this time or not to deal with the issue of the account being in persistent debt, I don't think the non-receipt of the paper statements means that the account shouldn't have been closed or the card not renewed, as this was a business decision that Virgin Money was allowed to make.

To resolve this aspect of the complaint, Virgin Money has paid compensation of £80 and has offered to send the paper statements free of charge. I've thought about whether this goes far enough and on balance, I'm satisfied that it does. I won't be asking Virgin Money to do anything further in relation to its failure to send paper statements.

Non-renewal of card and balance transfer

I've reviewed the letters that Virgin Money sent to Mr L about the account being in persistent debt and I've reviewed the letter dated 29 March 2021 which advised Mr L that he would no longer be able to do balance transfers and make cash withdrawals.

I've also reviewed a letter dated 8 October 2021 in which Virgin Money advised Mr L that his card was about to expire and that it wouldn't be sending him a new one. Virgin has explained that the decision not to renew the card was made as a result of information obtained from the credit reference agencies.

This service can't require Virgin Money to disclose the specific information it relied on when it decided not to renew the card. This is because the criteria on which lenders make lending decisions and carry out lending reviews are business sensitive. What this service can do is look at whether Virgin Money treated Mr L fairly and reasonably when it made that decision. In this case, I haven't seen anything to suggest that Virgin Money didn't follow its lending practices and procedures. So, I'm unable to say that it made an error or treated Mr L unfairly when it decided not to renew the card.

I understand that Mr L feels frustrated that he can't transfer the balance to another provider. However, based on what I've seen, Virgin Money gave Mr L a reasonable time to take steps to resolve the issue of the persistent debt on the account. It sent several letters. I can't see

that Mr L took any steps to increase his monthly payments in response to those letters. Mr L has told this service that he didn't receive the letters. I've checked every letter and they are all addressed to Mr L at the address held on file by Virgin Money. So I'm unable to say that it was Virgin Money who were at fault if the letters didn't reach Mr L. I can't fairly hold Virgin Money responsible for failures of the postal service, if this was the reason why the letters weren't received.

Ultimately, Virgin Money as a responsible lender has an obligation to ensure that consumers don't remain in persistent debt for longer than is reasonable or allow them to get themselves further into debt. One of the ways in which it can do this is to close the account and require the balance to be paid down over a period of time. The terms and conditions of the account allow Virgin Money to do this. So, whilst I appreciate why Mr L might want to transfer the balance, I can't require Virgin Money to re-open the account and allow him to do this.

Having considered all of the available information, and for the reasons I've given above, I'm unable to uphold the complaint.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 5 February 2025.

Emma Davy
Ombudsman