

The complaint

Mr H complains that when he makes a one-off manual payment of the full statement balance to his credit card account held with Clydesdale Bank Plc trading as Virgin Money, his direct debit isn't automatically stopped, meaning that payment is taken twice.

What happened

Mr H holds a credit card account with Virgin Money. He has a direct debit set up to make payment each month but sometimes makes one off manual payments to keep the account within the credit limit.

When making a one-off manual payment, Mr H selected the option "pay the full balance on your last statement" and paid this amount. He later discovered that the same amount was taken when his direct debit was collected, so he ended up paying twice and the account went into credit.

Mr H complained to Virgin Money. He said they should change their system and stop the statement balance being taken by direct debit if a one-off payment had already been made or make it clear in the wording that a one off payment meant an additional one off payment.

Virgin Money didn't uphold the complaint. In its final response it explained that if a manual payment was made after the direct debit collection process had begun, the manual payment would not stop the direct debit from collecting the requested amount, but that if the additional payment was made before the direct debit collection process had begun (usually 5 days before the payment due date) then the direct debit would automatically adjust to take into account any manual payments made. Virgin Money said that if any additional payments meant that the account was left with a positive balance, it could arrange to transfer the excess amount to Mr H's bank account on request. Virgin Money acknowledged that it hadn't issued its final response within the required timescale and offered £50 compensation.

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

Our investigator didn't uphold the complaint. He said he hadn't found any evidence to suggest that Virgin Money had done anything wrong.

Mr H didn't agree. He said he didn't feel that his main complaint had been properly addressed, which was that the wording of the payment page on the app was misleading because where it stated "pay the full balance on your last statement" it wasn't made clear that this is an additional payment to the balance on the last statement. Mr H said the wording should be changed to "make an extra one-off payment". Mr H said he understood the explanation about payments made within the direct debit cycle but said he didn't agree that Virgin Money's system couldn't take account of a manual payment and reduce or skip the direct debit payment.

Because Mr H 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 H, but I agree with the investigators 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 a 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 correct outcome.

Mr H has said that the screen in the App where you make payment is misleading because when you select the option "pay the full balance on your last statement", this is an additional payment to the balance on your statement. Mr H says that the app is ambiguous and could easily be fixed by changing the words to "make an extra one-off payment".

I understand the point that Mr H is making. However, I'm not persuaded that its necessary to ask Virgin Money to change the wording as Mr H has suggested. I say this because Virgin Money have made it clear to all customers that direct debit payments will still be collected even if a manual payment is made. This information is clearly shown on the monthly statements and states as follows:

"We will still collect your Direct Debit even if you make additional payments".

I appreciate that by making a manual payment of the full statement balance, Mr H was left in a position where his payment was taken twice. Virgin Money has explained that where a manual payment is made within the direct debit processing cycle – as it was in Mr H's case – then the amount to be collected by direct debit won't change. I understand that Mr H disagrees with the way on which the system works and believes that the direct debit payment should be reduced or skipped entirely when a manual payment has been made. However, this service can't require a bank to change its systems. I'm satisfied that Virgin Money has provided a clear explanation of how the direct debit system interacts with manual payments made both before and during the direct debit processing cycle.

Mr H has said that the current system caused him to suffer financially because he paid the full statement balance twice, leaving him short of money. Based on what I've seen, this meant that Mr H's credit card account was in credit. Virgin Money has said that where an account is in credit as a result of additional payments, it will refund the credit balance to the customers bank account on request. I don't know whether Mr H requested and received a refund of the credit balance. But even if he didn't, I'm not persuaded that the financial situation Mr H found himself in was due to an error by Virgin Money. As I understand it, it was Mr H's concern about exceeding the credit limit that necessitated the making of a manual payment.

Taking all the available information into account, I'm unable to say that Virgin Money has made an error here, or that they have treated Mr H unfairly or unreasonably. Therefore, I won't be asking Virgin Money to do anything further.

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 H to accept or reject my decision before 28 February 2025.

Emma Davy
Ombudsman