

The complaint

Mr P complains that Clydesdale Bank plc trading as Virgin Money ('Virgin') unfairly reduced his credit limit and withdrew some of his credit card facilities.

Mr P wants a review and his credit limit and credit facilities restoring.

What happened

Mr P used his credit card for cash withdrawals due to it being the only card in his pocket and repaid the withdrawn money and associated fees by bank transfer.

Subsequently Virgin decreased Mr P's credit limit and stopped him using his credit card for cash withdrawals, balance transfers and money transfers. Virgin said this was because of the way Mr P handled his account with them and other lenders and information they'd gathered from the Credit Reference Agencies ('CRAs').

Mr P complained this wasn't fair but Virgin said a number of factors were considered, and wouldn't reverse their decision. Virgin reassured Mr P that he hadn't used his card improperly and apologised if they'd offended Mr P when exploring if he was in financial difficulty.

Mr P brought his complaint to the Financial Ombudsman Service saying there was a complete lack of human element in Virgin's decision making and he felt penalised and treated as a delinquent.

Our investigator looked into this matter and said that Virgin had offered a manual review of their decision, which was in line with good industry practice. Mr P said he'd tried to do this but had been told he'd missed the deadline. Virgin acknowledged this was misinformation and a review was undertaken. However, Virgin's decision didn't change.

Our investigator concluded that, having performed the requested manual review, Virgin had acted fairly towards Mr P in the circumstances.

The matter then came to me to decide.

My provisional decision

In my first provisional decision I was minded to say Virgin's review hadn't considered Mr P's circumstances as set out by Mr P in his supporting documentation. I proposed a meaningful review be undertaken and that Virgin pay Mr P £100 for his distress and inconvenience.

Mr P accepted my provisional findings, but Virgin asked me to reconsider and set out comments about their process in these circumstances.

Virgin gave further information to support that they'd already undertaken a meaningful review. Virgin confirmed they'd looked at this matter again on receipt of my provisional decision, but their decision hadn't changed. This hadn't involved any hard searches of Mr P's credit file.

I recently sent the parties a second, revised, provisional decision, saying:

"I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

I know this won't be what Mr P wants to hear but the nature of provisional decisions means they can sometimes change once further information is received. Having reviewed new information, I'm inclined to say Virgin have fairly resolved matters here and so I don't intend to uphold Mr P's complaint.

I know this change in view will likely disappoint Mr P. It may help Mr P to know I am not dismissing his concerns, rather I've come to view that these have been properly addressed, and so I'm not minded to ask Virgin to do anything further. I'll explain why.

The Financial Ombudsman Service is an alternative dispute resolution service set up to resolve individual complaints based on what is fair and reasonable in the circumstances of each case. The Financial Ombudsman Service does not punish or fine businesses, or request that businesses change their practices or processes as that is the role of the regulator, the Financial Conduct Authority.

I don't think it's disputed that Virgin have a contractual right to restrict the usage of their customer's accounts – at the heart of this complaint is that Mr P feels Virgin's decision was unwarranted and lacked common sense.

I said in my first provisional decision that it was good industry practice for firms to manually review decisions like this, which Virgin had offered to do. However from the information I had seen I was minded to say that Virgin's review didn't appear to have considered Mr P's individual circumstances.

I've examined Virgin's submissions in response to my first provisional decision, to include comments from their underwriting team. I'm minded to say I've now seen enough to be satisfied that Virgin considered Mr P's circumstances when reviewing their decision.

I'm inclined to say this extinguishes my concern that Mr P hadn't been able to access a meaningful review when he first sought one, and had been put to distress and inconvenience as a result.

I therefore don't intend to ask Virgin to undertake a further review or pay £100 to Mr P for his distress and inconvenience, given I think he's already received a meaningful review.

I recognise how frustrating it is for Mr P to not have the result he was hoping for or understand exactly why this decision has come about. As I set out in my first provisional decision, I wouldn't expect Virgin to give detailed reasons for their decisions, as this will be commercially sensitive information. I hope Mr P understands this means that I am not at liberty to share details of Virgin's reasoning with him, though I hope my investigation of this matter can reassure him that I think a meaningful review has taken place.

I don't doubt that Mr P has felt distressed and inconvenienced by what's happened, but I would only consider asking Virgin to compensate Mr P if I thought they'd treated him unfairly, and I am not minded to say they have.

I say this because I'd expect Virgin to be alert to the possibility that Mr P was in financial difficulty, given the use of his credit card and the industry's guidance. Virgin apologised for any offence caused, which I'm minded to say was fair in these circumstances.

And while I acknowledge Mr P was upset by Virgin's decision, I'm not minded to say it was an unfair one given Virgin can decide their own appetite for risk and make changes to Mr P's credit card usage in line with the terms and conditions of his account.

I think it's fair to say this has been an evolving matter and some of Mr P's frustrations have arisen after he raised his complaint and referred it to the Financial Ombudsman Service – such as Virgin's misinformation about the timing of his review. Strictly speaking, my remit is to consider complaints that a business has already had a chance to answer.

Saying that, I've looked at the overall circumstances of this complaint and on balance, I'm of the view that Virgin's review is a fair and reasonable outcome to Mr P's complaint. I don't intend to ask Virgin to take further action in these circumstances."

Responses to my provisional decision

Mr P was, understandably, disappointed by my second provisional decision and said it had been a waste of time bringing a complaint to the Financial Ombudsman Service. He was annoyed that Virgin had been able to produce "a trump card" at the last minute and was frustrated he couldn't have full details of this.

Mr P also said he thought Virgin must have a legal or moral duty to inform and advise customers that withdrawing cash on their credit cards was a "red flag" and could have adverse consequences. He wanted to know in simple terms what he'd done wrong.

Virgin didn't respond to my second 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.

I am sorry to disappoint Mr P but I haven't been persuaded to depart from my second provisional decision and I've decided not to uphold his complaint.

It may help Mr P to know that changes to his account do not necessarily mean he's done anything wrong, as Virgin are at liberty to make changes in line with the terms and conditions of his account.

I don't agree that Virgin were under a legal or moral obligation to warn Mr P that withdrawing cash using his credit card might be viewed adversely. What I'd expect is for Virgin to review the way Mr P used his account to identify if they needed to handle things differently or offer him support, in line with their regulatory responsibilities. I'd also expect Virgin to consider the way Mr P used his credit card when making changes to his account in line with his terms and conditions. I think they've done this here.

I acknowledge Mr P's comments about Virgin having a "trump card" here. I recognise it's frustrating for new information to come to light at a later stage in our process, but the purpose of a provisional decision is to give the parties a chance to clarify matters and/or challenge my provisional findings.

I can't ignore the further information Virgin produced in response to my first provisional decision. I provide an impartial service, and this means I must consider all the information that's available. I've explained in my provisional decision why I can't share full details of Virgin's review with Mr P.

My decision not to uphold Mr P's complaint reflects my conclusion that Virgin have already performed the review Mr P was seeking and I think this is a fair outcome in these circumstances. It doesn't mean that Mr P's concerns aren't valid – rather that, following my investigation of this complaint, I think these have been fairly addressed.

For the reasons I've given here and in my provisional decision set out above, I don't uphold Mr P's complaint.

My final decision

For the reasons I've outlined, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 8 May 2025.

Clare Burgess-Cade
Ombudsman