

The complaint

Mr B complains Clydesdale Bank Plc (trading as Virgin Money), “Virgin”, incorrectly managed his account, refused to refund him for unauthorised transactions, provided poor customer service and closed his account without an explanation.

What happened

The facts of this complaint are well known to both parties, so I won’t repeat them in detail here. Mr B has raised several complaints to Virgin, and all the above-mentioned points have been dealt with together in this complaint for ease.

In short, Mr B says he received a credit into his account which he believed was an incoming payment from a family member and he then spent the money, only to see Virgin had later re-debited the payment. He says this led to him going into an unarranged overdraft. Then when a payment came in from social services, this was automatically used to reduce the overdraft balance, and he didn’t have access to those funds for its intended essential purpose.

Mr B also complained about transactions on his account he didn’t recognise. He said he didn’t know the merchant involved was connected to a gambling site he had used in the past. And in any event, Mr B says he didn’t authorise these transactions. He says Virgin has failed to carry out the correct process by not requiring a 2-step authentication procedure for these payments. And he feels Virgin should refund all the disputed payments.

Additionally, Mr B complained about the poor customer service received and the closure of his account. Specifically, that he didn’t receive call backs when requested and his account was closed immediately without any explanation. He would like an explanation as to why his account was suddenly closed.

Virgin considered all Mr B’s complaint points and offered compensation for where it agreed the service it provided wasn’t up to scratch. However, it said there is no evidence of a credit being applied to his account, and then re-debited. It said, as per the terms and conditions of the account, card payments can take up to a week to be reconciled on his account. The overdraft facility was provided as Mr B had overspent, and when the transactions were all tallied up the account was in a negative balance. So, Virgin says it has found no evidence it did anything wrong.

Virgin investigated the disputed transactions Mr B complained of, but didn’t think there was any evidence these were fraudulent. So, it didn’t refund these. It also says it is within its rights to close a customer’s account, without any explanation required.

Our investigator considered all the complaint points raised alongside all the evidence provided from both parties. Ultimately, he felt this isn’t a complaint he could uphold. Mr B wasn’t happy with the outcome, so the complaint has been passed to me for a final 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.

Before I set out my thoughts, I want to acknowledge that I have summarised this complaint briefly and, in less detail, than has been provided. I've focused on what I think is the heart of the matter. Please rest assured that while I may not comment on every point raised, I have considered it. I'm satisfied that I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this and reflect the fact that we are an informal service and a free alternative for consumers to the courts.

Where there's a dispute about what happened, and the evidence is incomplete or contradictory, I must make my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available evidence.

Mr B has raised many complaint points, so I will discuss each complaint in turn.

Mr B initially brought his complaint regarding a credit which was added to his account and then re-debited by Virgin. Mr B says he believed the credit was an incoming payment from a family member, so he spent the money, only to have the credited amount debited by Virgin soon after. Mr B says the re-debit of the funds took his account into an unarranged overdraft. I've studied Mr B's statement and transaction report, but there is no evidence of the credit and re-debit that he has complained of. I can see from his transaction history that his account balance on 26 July 2024 was £147.61. Following this Mr B made a faster payment out and several card transactions. These payments were not reflected in his account until 29 July 2024. So, the balance on Mr B's account wouldn't have reflected this expenditure over the weekend, until it was reconciled on his account on 29 July 2024. He was then left with an account balance of -£139.39 in an unarranged overdraft.

Mr B complained that as a result of this error, his social services payment, which was needed for essential medical care, was not available to him. Virgin has directed me to their terms and conditions of the account, which Mr B would've needed to agree to upon the account opening. These state that card payments can be debited from an account up to a week after the transaction has been made. It also sets out that once in an unarranged overdraft, the account needs to be brought back into credit before further transactions are possible.

I understand this money was important to Mr B and was for equipment for his medical care. However, I can't say that Virgin has done anything wrong here. With any financial provider, there can be a delay while transactions are pending and often this is out of their control. And the terms and conditions of the account also made it clear that Mr B would be required to bring his account into credit before able to make any other transactions.

Mr B complained about disputed payments on his account. Virgin is required to refund any unauthorised payments made from Mr B's account as per the Payment Service Regulations 2017. As Mr B has said he didn't carry out the transactions in dispute, I have to give my view on whether I think he did authorise the transactions or not considering all the evidence available.

Virgin has provided evidence that the payments in dispute were made online using Mr B's card details. He hasn't told us that his card has been lost or stolen, and he had been making regular payments to gambling sites around the time. I've also seen evidence that Virgin contacted the merchant, and it confirmed that the funds were deposited into an account in Mr B's name. So, this means whoever made these payments had Mr B's card details and used this to add money to Mr B's existing account.

Our investigator pointed out that the merchant in question is linked to a gambling site Mr B had been using at the time. Mr B has provided evidence that his account with the linked merchant was suspended at the time as he hadn't been able to provide the required identification. However, this doesn't persuade me that Mr B wasn't able to load funds onto an account with the linked merchant and still use this to gamble.

Mr B says Virgin should've carried out a 2-step verification for these transactions, and as it didn't Virgin has failed to follow the correct process and should refund the payments. However, there is no legal guidelines or industry framework which states that any 2-step verification is required for card payments. And my role here to make a finding on whether I think Mr B authorised these transactions or not. In doing so, I've seen that his statements show he had received incoming credits from this merchant in the past and these incoming payments have not been disputed. I've also seen evidence that Virgin contacted the merchant, and it confirmed that the funds were deposited into an account in Mr B's name, and the funds were used to gamble. So overall, I think it's likely Mr B authorised these transactions, regardless of the lack of a 2-step verification.

Mr B is unhappy with the service received and that Virgin closed his account without an explanation. But this was a business decision and Virgin are within its' rights to decide who they want to provide their services to. I think Virgin have complied with Mr B's account terms and conditions in closing his account and there is no requirement for it to provide an explanation.

In relation to the customer service standards, I've seen Virgin has apologised for this and offered £75 in compensation. This was for Virgin's failure to return Mr B's call. I have seen that following this Mr B was able to log his complaint and it was investigated fully, and several final responses were sent to him in relation to the complaint points raised. I think the compensation already awarded is fair and reasonable, and I am not persuaded any more compensation is due.

I know this outcome will come as a disappointment to Mr B, however, having considered all the evidence and points raised, I am not upholding Mr B's complaint.

My final decision

I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 17 July 2025.

Sienna Mahboobani
Ombudsman