

The complaint

Mr B complains that Clydesdale Bank Plc (trading as Virgin Money) has recorded a default date that is much later than it should be.

What happened

Mr B says he got into financial difficulties towards the end of 2021 and had to enter into a debt management plan (DMP). He says that, even though he didn't make any payments to his credit card after the beginning of 2022, Virgin Money didn't default his account until 21 February 2023. Mr B adds that his other creditors defaulted his account much earlier and that his Virgin Money debt is now showing under two debt management companies (DMC) on his credit file.

Virgin Money said it received a letter of authority from the debt charity on 3 May 2022, to which it responded the next day to advise that the amount offered was insufficient to set up a formal arrangement. Virgin Money said it would suspend further interest and charges and asked Mr B to make payments that he could afford. It further advised that if the arrears continued to build up, the account may be defaulted. Virgin Money then said it sent formal notices of default on 21 December 2022 and 21 January 2023 leading to the account defaulting on 23 February 2023. Virgin Money said that Mr B's credit file was an accurate reflection of his account, but it had no control over the fact it was showing twice, and that Mr B would need to contact the DMCs direct. However, it acknowledged that it was late responding to Mr B's complaint and offered him £50 for the inconvenience.

Our investigator did not recommend the complaint should be upheld. She did not consider Virgin Money had acted unfairly by applying the default when the account was six months in arrears. She added that there are two entries on Mr B's credit report because the first DMC was bought by the second, albeit the first DMC is showing a balance of £0. She said this is out of Virgin Money's control.

Mr B responded to say, in summary, that he stopped making contractual minimum payments as soon as he started the DMP and even moving the default date a little earlier will impact for years to come. Mr B still feels Virgin Money has an obligation to investigate his complaint about the third party DMC.

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.

Virgin Money has now confirmed that the £41.05 payment it received on 8 March 2023, two days after the account was closed, was transferred to the DMC.

I have considered whether Virgin Money followed its own processes in the lead up to the account defaulting and I'm satisfied that it did. It says that an account will default when it is showing 180 days in arrears. Virgin Money sent the default notice on 21 December 2022, but it says it wasn't 180 days in arrears by that date and therefore it was not prepared to move the default date any earlier.

Finally, I have looked at the information Mr B has provided concerning the entries on his credit file. I can see that the default is showing twice as a result of one DMC having been bought by another. Mr B is right to argue that this may be having a detrimental effect on his credit file, but this is not something I can compel Virgin Money to address. Instead, Mr B has the right to complain to the DMC about the duplicate entry and, if he is not satisfied with its response, he can bring a separate complaint to this service.

In summary, I don't find Virgin Money acted unfairly when it defaulted his account and I consider the £50 it offered him for his inconvenience is fair and reasonable.

My final decision

My decision is that I do not uphold this complaint.

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

Amanda Williams
Ombudsman