

The complaint

Mr A has complained that Clydesdale Bank Plc trading as Virgin Money, treated him unfairly regarding a chargeback on his account.

What happened

Mr A raised a chargeback with Virgin Money, regarding money taken from his account by a third party merchant, which I will refer to as 'M'. While the chargeback dispute was ongoing, Virgin Money made two temporary credits to Mr A's account, for the disputed sums.

During this time, Mr A asked to close his credit card account. However, he later discovered he had an outstanding balance – and this was because the two temporary credits had been reversed. He didn't think the process had been made clear.

Virgin Money paid Mr A £150 as a gesture of goodwill, but he's unhappy with this, because he's explained it's showing as a missed payment on his credit file. Mr A would like the outstanding balance to be waived.

One of our investigators looked into what had happened, but thought Virgin Money had acted fairly. She explained that the chargeback process doesn't give consumers legal rights, and it isn't guaranteed to result in a refund. When a dispute is filed, a temporary credit is often applied to the account, to keep the balance stable during the dispute process. And, she could see that Virgin Money had sent Mr A a letter dated 22 March 2024, which also explained that if M processed a refund, the temporary credit would be removed.

Here, M did process a refund. Accordingly, Virgin Money removed the temporary credits. This was because otherwise, Mr A would have received the money twice – once from Virgin Money, and once directly from M.

Although our investigator thought this could have been explained to Mr A at the point he chose to close his account, she also felt it was clear the credit may well only be temporary. So, if Mr A spent it, he may need to pay it back. That said, she thought it did take Virgin Money too long to remove the temporary credit after Mr A received a refund. But, she saw that it had paid Mr A £150 compensation in respect of this, which she thought was fair. Further, she said Virgin Money had said it hadn't made reports to credit reference agencies following the account closure.

Mr A disagreed and felt Virgin Money should write off the debt, in full or in part, as it had put him into financial difficulty.

The complaint's now been passed to me.

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.

Having done so, I'm not upholding it, because I think Virgin Money has done enough to put

things right. I'll explain why.

I accept that in the normal course of events, closing an account *may* mean there's zero balance. But, that is not always the case, for a number of reasons. Here, there had been two temporary credits, pending the outcome of a chargeback dispute. And Mr A was refunded the money by M. So, I think it must have been reasonably clear to him, that he wasn't going to get the money back twice. So, Virgin Money would reverse the credits – which is what it had said may happen.

I agree with Mr A that it took Virgin Money a number of months to do this, which wasn't ideal. But, I don't think that should reasonably have led him to believe he could keep both sets of refunds. Virgin Money has paid Mr A £150 by way of apology for the delay, and explained it didn't make negative reports to the credit reference agencies. Mr A hasn't provided any evidence to the contrary.

Finally, I know Mr A feels this has caused him financial difficulty. But I don't think this is the fault of Virgin Money, as he was made aware the funds were temporary. And, he did receive the refund from M, which could have repaid any amount of the temporary refund that he'd spent.

If Mr A still owes money to Virgin Money, I'd urge him to contact it to discuss a repayment plan. I'd expect it to respond positively and sympathetically to any financial difficulties.

My final decision

For the reasons given above, it's my final decision not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 29 September 2025.

Elsbeth Wood
Ombudsman