

The complaint

Mr K complained because Clydesdale Bank Plc, trading as Virgin Money:

- refused to refund him for transactions he disputed, and
- gave him poor customer service, including telling him it had stopped payments when it hadn't.

What happened

On 14 December 2024, Mr K and his wife went on a cruise. He said that when they arrived, they had a note pushed under their door asking them to go to reception to register a card. Mr K queried this, because the cruise was all-inclusive, and said they'd brought cash and wouldn't be using a card. He was told it was "*just a normal thing we require.*" So on 16 December, he entered his Virgin debit card and PIN. Mr K said that after that, the card was in the safe in his cabin with his passport, and he hadn't written down or stored his PIN anywhere.

Mr K marked his debit card as frozen in the mobile app on 19 December and after a chat call the next day, Virgin's adviser confirmed it had marked the card as lost or stolen, and said future payments to the cruise company had been blocked. Mr K asked again for the account to be blocked on 24 December.

On 27 December, the last day of Mr and Mrs K's cruise, there was a debit to Mr K's account to the cruise company for £3,019.80. Mr K sent chat messages and phoned to dispute this payment. That payment, together with another debit to his account, put his account into unauthorised overdraft of £1,306.65.

Mr K was very unhappy that Virgin had allowed the £3,019.80 payment to go through when Virgin had confirmed to him that his account had been blocked. He was also very unhappy about the customer service he received from Virgin. He said he repeatedly asked for copies of transcripts of his many web chats, and phone call recordings. He said they'd put the phone down on him and wouldn't take calls. He complained.

Virgin sent its response to Mr K's complaint on 20 January 2025. It said that Mr K had confirmed that he'd given the cruise company his card for authorisation by entering his PIN on 16 December. It explained that this had given pre-authorisation for the cruise company to take transactions later. It said that any payment processed by a merchant who holds a pre-authorisation will still be honoured, even if the debit card is no longer active. Virgin said that's what had happened here. The payment which debited Mr K's account on 27 December was showing as being initiated from Mr K's 16 December pre-authorisation. Although Mr K had frozen his card on 19 December, and Virgin had stopped it the next day, these had taken place after the 16 December pre-authorisation. So Virgin said it hadn't made an error in debiting the £3,019.80 payment. It said that as the payment had been made using pre-authorisation, Virgin couldn't uphold Mr K's fraud claim. It explained this was a dispute between Mr K and the cruise firm.

Virgin did however apologise that Mr K had been given the wrong information, on multiple occasions, when he'd specifically asked if a payment could be taken from a stopped card.

Virgin accepted it had led Mr K to believe this couldn't happen, when it wasn't accurate. It accepted that there had been a number of instances where Mr K had received service which wasn't as expected. It offered him £150 compensation. Mr K refused, and made a further complaint. This included complaints about not receiving copies of calls and chats, and not receiving promised calls back. Virgin accepted it hadn't sent the right information in Mr K's Data Subject Access Request (DSAR) and offered Mr K a further £75 compensation, making £225 in all.

Mr K wasn't satisfied and contacted this service.

Our investigator didn't uphold Mr K's complaint. She said that Mr K had said that he'd registered his card at the front desk on the cruise ship, entering his card into a reader and entering his PIN. The evidence from the merchant confirmed that the card was pre-authorized, so that the card was on file and any charges to the cabin account during the cruise would be settled on the last day. She noted that this appears to be standard practice on cruises.

Mr K had said that he hadn't made any of the disputed purchases. The merchant's evidence showed that these were for shore excursions attended by both Mr and Mrs K; snacks, alcohol and tobacco; fashion/clothing; and jewellery and luxury watches. The investigator considered whether the cruise firm might have charged the wrong cabin. But the merchant had said that on embarking, guest photos are taken and verified against passports, and these are used whenever items are charged to an onboard account, to check that the right account is being charged by a valid guest.

The investigator accepted that the cruise company would have had Mr K's passport, either when he embarked, or through the booking which included a flight for which a passport would have been needed. So she concluded that Virgin was correct to consider the disputed transaction had been authorised by Mr K, and didn't have to refund him.

The investigator also looked at Mr K's complaint that the payment had left his account after he'd blocked the card. He'd frozen his card on 19 December at 10.42am, and the disputed transaction had debited his account on 24 December. The authorisation date – when Mr had entered his card and PIN on the cruise – was 16 December. So it had been authorised before the card had been blocked.

The investigator also considered Mr K's complaint about Virgin's service. She saw that the evidence showed calls had been terminated by Virgin, and Mr K had been given the wrong information about payments not leaving an account after a card had been blocked. And although Mr K had been sent copies of chat records, he hadn't been sent call recordings as he'd requested. The investigator said that Virgin had caused more than a day-to-day level of frustration, and that it should pay Mr K £225 for the distress and inconvenience caused by its poor service.

Mr K didn't agree.

He said he didn't think his complaint had been dealt with fully. He said the call recordings would show that Virgin told him that as his card had been stopped, no money could be taken from his account. This made him confident the account was safe. He said that if he'd been given the right information, he'd have made further enquiries while on the cruise, which he said would have prevented the money being taken from his account. Mr K said that the compensation offered was a lot less than he'd have expected from such a catastrophic mistake. He also wanted confirmation that this service had all the call recordings and chat transcripts. Mr K asked for an ombudsman's 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.

This includes considering the call recordings and chat transcripts.

What the Regulations say

There are regulations which govern disputed transactions. The relevant regulations here are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them. So what decides the outcome here is whether it's more likely than not that Mr K authorised the disputed payment. For authorisation to be valid, it isn't necessary for the payer to know the full details of the transaction, such as the exact amount.

Did Mr K authorise the disputed £3,019.80 payment?

Both Mr K and the merchant (the cruise company) agree that Mr K entered his genuine Virgin card and correct PIN on 16 December, as pre-authorisation for any spend during the cruise. This counts as consent under the Regulations, and as I've set out above, it wasn't necessary for Mr K to know the exact amount of the debit at the time he pre-authorised the transaction. Mr K consented to the pre-authorisation when he entered his card and correct PIN on 16 December. The fact that he later blocked the card didn't cancel the validity of the pre-authorisation to which he'd consented.

I've also looked at the merchant's explanation about its processes, which are to ensure the right customer is charged for on-board spend. As customer photos, verified against passports, are taken on embarkation, and every purchase was then checked against the customer's on-board document, I can't see how the debits could have been made to the wrong person.

In Mr K's reply to the investigator's view, he said that Virgin had wrongly told him that as his card had been stopped, no money could be taken from his account. He said that if Virgin had given him the right information, he'd have made further enquiries while on the cruise, which he said would have prevented the money being taken from his account. I'll deal with Virgin's error under Customer Service below. But the cruise firm with which Mr K was travelling gives all customers a final account on the last day of their cruise. So Mr K knew what was to be debited under the pre-authorisation, on the last day of his cruise. He hasn't mentioned this final account, or why he didn't dispute any items with the cruise firm straightaway on that day.

Mr K consented to the pre-authorisation of the cruise company's debit when he entered his card and PIN on the ship. Taking the above factors into account, I also consider it's most likely that Mr K also made and consented to the individual spend items which would have been provided to him as an itemised account at the end of the cruise, and which were debited as a total of £3,019.80 on 27 December. So Virgin doesn't have to refund him.

Customer Service

I've considered the relevant chat records and call recordings. I find that Virgin's customer service was poor in many ways. It repeatedly told Mr K that as his card had been stopped, no more transactions could take place. That wasn't correct as what Mr K had authorised by entering his card and PIN on the ship was a pre-authorisation, enabling a series of debits. Also, the initial outcome email gave no clear reason about why Virgin had rejected Mr K's

claim. The chat conversations would have been frustrating as Mr K wasn't always passed promptly to a real person by the bot after he asked for this. There are also records showing phone calls being cut off by Virgin, as Mr K said. Virgin also didn't provide Mr K with all the Data Subject Access Request (DSAR) information as it should have done.

But Virgin's error in not telling Mr K that a pre-authorisation completed earlier could still result in debits, wasn't what Mr K described as a "catastrophic mistake." That's because he'd already have known the amount due from the ship's invoice. And I've also found it's more likely than not that Mr K himself carried out the purchases.

Looking specifically at Virgin's poor customer service, I find that it should pay him compensation for distress and inconvenience. I consider that the £225 total which Virgin offered Mr K was fair and reasonable.

My final decision

My final decision is that I do not uphold Mr K's complaint for a refund of the disputed transaction. Virgin therefore does not have to refund Mr K for it.

Virgin should however pay Mr K the compensation it has already offered him, if it has not already done so. This amount is £225 and it is for the poor customer service it provided.

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

Belinda Knight
Ombudsman