The complaint

Mr S complains that Clydesdale Bank Plc, trading as Virgin Money, closed his account without telling him.

What happened

The details of this complaint are well known to both parties, so I won't repeat them here. Instead, I'll focus on my decision and the reasons for it.

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 know it will disappoint Mr S, but I agree with our investigator's view of this complaint. I'll explain why.

The Financial Ombudsman is designed to be a quick and informal alternative to the courts. Given that, my role as an ombudsman is not to address every single point that has been made. Instead, it is to decide what is fair and reasonable given the circumstances of this complaint. And for that reason, I am only going to refer to what I think are the most salient points. But I have read all of the submissions from both sides in full and I keep in mind all of the points that have been made when I set out my decision.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

I'm required to take into account the relevant, laws and regulations; regulators rules, guidance, and standards; codes of practice and, when appropriate, what I consider to have been good industry practice at the relevant time.

When a consumer is experiencing financial difficulty we would expect a business to be supportive. I think Virgin Money were supportive here as they agreed a repayment plan with Mr S.

Virgin Money has a wide discretion to decide who they offer banking services to. They didn't have to keep Mr S's account open indefinitely. I wouldn't expect Virgin Money to share the full reasoning about why they decided to permanently block the card, but guidance provided by the Information Commissioner's Office says that they should have provided the main reason. Virgin Money explained that they refused to keep the account open because of the account history and because of information on Mr S's credit file, so I think they did provide their main reason.

I don't think there is sufficient information to suggest that Virgin Money's decision was motivated by other factors, such as Mr S being on benefits at the time and, while they didn't have to, they have provided a little more information in support of their decision as they've explained that over the lifetime of the card there have been many missed payments. I understand that Mr S disputes the number of missed payments but I don't think it matters. Virgin Money were entitled to close the lending facility if they made a commercial decision to do so and as long as the decision wasn't irrational or discriminatory. I think Virgin Money have provided a rational explanation for their decision. I note that Mr S has suggested they discriminated against him because he was on benefits. It's not for me to decide whether a business has breached the Equality Act, only a court can do that, but I consider the law, including the Equality Act (2010), and the relevant guidance, when I decide if a business have been fair and reasonable. I don't think there's evidence Virgin Money have discriminated here, they appear to have followed the same approach they would for any credit approval and I'm not, therefore, asking them to take any action.

I don't, therefore, think Virgin Money's decision to permanently block the account was unfair.

However, Virgin Money have accepted that they didn't explain the permanent block to Mr S and that they missed an opportunity to explain that a new card wouldn't be issued. I think that would have caused Mr S some distress and inconvenience as he was unsure of his account position and naturally assumed the card could be reinstated. In those circumstances I think Virgin Money should pay him a further £125 in compensation.

My final decision

For the reasons I've given above, I uphold this complaint in part and tell Clydesdale Bank Plc, trading as Virgin Money to pay Mr S a further £125 in compensation making £150 in total.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 September 2025.

Phillip McMahon
Ombudsman