DRN-5728832

The complaint

Mr D complains that Clydesdale Bank Plc, trading as Virgin Money, have been unreasonable to default his account and not to agree to write off his debt.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr D complained to Virgin Money that they shouldn't have defaulted his account while they were still investigating his concerns. He asked them to write off his debt on medical grounds and felt they were unreasonable not to do so.

When Mr D referred his complaint to this service our investigator didn't think Virgin Money had been unreasonable. But Mr D disagreed, he asked for it to be referred to an ombudsman for a decision. He said that Virgin Money hadn't properly considered his vulnerability, that their decision not to write off the debt was inconsistent with that of other lenders who had agreed to do so and that the use of his credit card during the relevant period shouldn't have been seen as a sign he wasn't in financial distress.

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 was deeply sorry to hear about the circumstances that led to Mr D's ill health. I can't begin to imagine how stressful the situation would have been for him. I'm afraid, however, that having considered all of the evidence here I don't think Virgin Money have been unreasonable. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I've thought about whether Virgin Money has treated Mr D fairly and reasonably. Where a customer is experiencing financial difficulties (for whatever reason) this service would expect a lender to treat the customer positively and sympathetically. There are many different ways in which a lender can do this, including (for instance) suspending interest and charges, accepting reduced payments, or accepting nominal or no payments for a specified period. A lender might also consider a request to write off all or part of a balance on medical grounds. However, there's no obligation on a lender to do this.

Mr D requested a write off of his credit card debt on medical grounds and Virgin Money considered the request but declined it. Virgin Money didn't have to provide specific details of the reason for declining the request, as that would be commercially sensitive information. While other lenders may have different criteria under which they may be prepared to write off a debt I don't think Virgin Money were unreasonable not to do so. I think they were positive and sympathetic to Mr D.

Although they declined the write off request, they did put Mr D's account in breathing space which meant that no interest or fees would be charged and that the debt wouldn't be pursued. They were also prepared to extend that breathing space period when Mr D told them he was seeking advice. When Virgin Money had a better understanding of Mr D's financial position they placed the account on a hardship plan where fees and interest weren't charged for a prolonged period. Those arrangements would, however, impact on Mr D's credit file (as would any type of payment arrangement) and I can see that Virgin Money explained that to him in correspondence. I appreciate that Mr D has said that he's come to arrangements with other lenders who have been prepared to write off significant debts, but for the reasons I've given I don't think it would be fair to suggest Virgin Money have been unreasonable and I'm unable to comment on what another lender has or hasn't done.

The Information Commissioner's Office guidance suggests that accounts should be defaulted when they are between three and six months in arrears. Not to do so would prolong the impact debts would have on consumers when they are unlikely to be able to repay the debt in a sustainable manner. And as Mr D's account was in significant arrears by December 2024 and there were no signs, he'd be able to sustainably make payments in the near future, I don't think Virgin Money were unfair to default it.

In February 2024 Virgin Money explained to Mr D that they wouldn't provide another card to him after his card expired in May 2024. But as a positive balance remained on the account Virgin Money were unable to close the account. When Mr D asked them to reopen the account, I don't think Virgin Money were unreasonable to do so. They had no knowledge of Mr D's financial difficulties at that point and didn't hear of those until a few months later.

For the reasons I've explained above, I'm unable to say that Virgin Money has made an error or treated Mr D unfairly. I won't be asking it to do anything further.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 1 September 2025.

Phillip McMahon
Ombudsman