

The complaint

Mr W is unhappy that Clydesdale Bank Plc, trading as Virgin Money, have reported missed payments to his credit file.

What happened

Mr W had a credit card account with Virgin. On 21 August 2023, Mr W spoke with Virgin and explained that he would be unable to make any payments to his account until November and asked for a payment holiday until that time. Virgin explained that they didn't offer payment holidays but after conducting an income and expenditure assessment with Mr W they offered him a short-term alternative repayment plan, which Mr W accepted.

Mr W felt that he adhered to the terms of the plan but later noticed that Virgin had reported missed payments on his account to the credit reference agencies ("CRAs"). Mr W wasn't happy about this, so he raised a complaint.

Virgin responded to Mr W but didn't feel that they'd done anything wrong in how they'd administered his account or reported his payment history to the CRAs. Mr W wasn't satisfied with Virgin's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Virgin had acted unfairly towards Mr W as he contended and didn't uphold the complaint. Mr W remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

Having done so, I note that in his submissions to this service, Mr W has made several points of a legal or regulatory nature. I'd therefore like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

I also note that Mr W has provided several detailed submissions to this service regarding his complaint. I'd like to thank Mr W for these submissions, and I hope that he doesn't consider it a discourtesy that I won't be responding in similar detail here. Instead, I've focussed on what I consider to be the key aspects of this complaint, in line with this service's role as an informal dispute resolution service.

This means that if Mr W notes that I haven't addressed a specific point that he's raised, it shouldn't be taken from this that I haven't considered that point. I can confirm that I've read and considered all the submissions provided by both Mr W and Virgin. Accordingly, I can also confirm that if Mr W notes that I haven't responded to a specific point that he's raised, I

have considered that point, but I don't feel it necessary to address it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.

Mr W has complained to this service that Virgin have reported a default to his account. However, Mr W's account was never defaulted by Virgin, and it appears that Mr W may have an incorrect understanding of the term 'default'.

To clarify, when a contractually required payment isn't made on a credit account, that account falls into arrears. Those arrears are reported by the credit provider (in this case, Virgin) to the CRAs, often as missed payments. This is what has happened in Mr W's case.

However, this is not a default. A default occurs at a later stage, when an account has been in arrears for a prolonged period with no agreed plan in place. If that happens, a credit provider will send a 'default notice' to the account holder which explains that the arrears on the account need to be cleared in the near future. If the account holder doesn't clear the account arrears within the timeframe given to do so, the credit provider can then move to default the account.

When an account is defaulted the credit agreement is terminated (because the account holder has failed to adhere to the contractual payment requirements) and the account is permanently closed. The account debt is then usually transferred to a debt collection agency, and in all instances the credit provider then reports the status of the account to the CRAs as being defaulted for the next six years.

In Mr W's instance, none of that has happened, because his account was not defaulted. What has happened is that Virgin have reported that Mr W's account was in arrears for several months. But Mr W subsequently made payments such that Virgin no longer considered his account to be in arrears, from which time the reporting to the CRAs was adjusted accordingly.

Mr W has said that he adhered to the payment requirements of the short-term plan that he agreed with Virgin and feels that no arrears reporting to the CRAs should have been made. However, I've listened to the call between Mr W and Virgin when the plan was discussed and agreed, and I note the following points:

Virgin's agent explained that the most recently generated statement for Mr W's account included that Mr W needed to make a minimum payment for that month of £370.50. And Virgin's agent further explained that because Mr W wouldn't be making that payment, his account would fall into arrears by that amount.

Virgin's agent also confirmed that the short-term plan would be for an initial six months and that during those six months the minimum monthly payment required on Mr W's account would be £120.04. However, because Mr W's I&E assessment showed that he had no disposable income at that time, Virgin would have a zero payment expectation for Mr W during the initial six-month duration of the plan.

This meant that while Virgin weren't expecting Mr W to make a payment towards his account for those six-months, the minimum required monthly payment during that time would be £120.04. And if Mr W didn't make payments of at least £120.04 for the months that the plan was in place, his account would fall further into arrears.

Importantly, Virgin's agent explained that if Mr W's account fell into arrears, those arrears would be reported to the CRAs. And they also explained that if Mr W made the £120.04 payments and if his account wasn't in arrears, then it would be reported as being in an arrangement. However, given that Mr W would almost immediately fall £370.50 into arrears

(because he couldn't make the minimum payment for that amount that was already due) it was almost certain that Mr W's account would fall into arrears and would be reported as such to the CRAs.

Notably, on the call, Mr W demonstrated his understanding of how the plan worked, and at one time asked for confirmation that if he didn't make any payments for the first two months of the plan, his account arrears would grow to include the £370.50 and two instances of £120.04, which was correct.

Looking at the payment history for Mr W's account, both Mr W and Virgin agree that after making a payment at the end of July, Mr W didn't make another payment until the end of October, and as such didn't make payments for two months – which correspond to the £370.50 and the first instance of £120.04 required by the plan.

This meant that Mr W's account fell into arrears as of September 2023, and while Mr W made a number of payments towards his account over the next several months, those payments didn't clear the arrears that were present on his account, meaning that his account remained in arrears for the initial six months of the plan, and beyond – and was reported as such by Virgin to the CRAs.

Also on the call, Virgin's agent explained to Mr W that after six months had expired, the minimum payment requirement would change from £120.04 per month to 1% of the outstanding account balance for the next three months, after which time contractual terms would resume. And the agent also explained that if Mr W made at least the minimum monthly payment on his account for three consecutive months, Virgin would waive any account arrears that remained and consider Mr W's account to no longer be in arrears.

This is what happened. Following the end of the first six-month period of the plan, Mr W did make three consecutive monthly payments that satisfied Virgin's minimum payment requirements. This led Virgin to waive the account arrears that remained present, to consider Mr W's account as being up-to-date and not in arrears, and to report this to the CRAs. And Virgin sent a letter to Mr W which explained that they no longer considered his account to be in arrears on 5 June 2024.

Virgin, like all credit providers, have an obligation to report accurate information to the CRAs. In this instance, because Mr W's account fell into arrears in September 2023, and wasn't considered as being up to date until June 2024, I would reasonably expect Virgin to have reported Mr W's account as having been in arrears during that period. This is what Virgin have done (and is about which Mr W complains). But given what I've explained above, I don't feel that Virgin have acted unfairly by making the accurate reports to the CRAs that they have.

If it's the case that Mr W feels that Virgin shouldn't have reported his account as being in arrears because of the short-term payment plan that he'd agreed, and despite the fact that his account did fall into arrears, then I feel that Mr W's expectation in this regard was unfortunately misplaced.

I say this because it would generally be expected that an account in arrears would be reported as being in arrears, even if a short-term plan has been agreed. And the function of a plan such as the one that Mr W agreed isn't to sanction inaccurate CRA reporting, but is to ensure that a credit provider has an understanding of an account holder's financial position and doesn't actively pursue them for account arrears during a time that the credit provider has been made aware that the account holder can't reasonably make their contractually required payments.

Ultimately, Mr W didn't meet his contractual payment obligations on the account, such that the account was in arrears for several months. I appreciate this was because of unforeseen financial difficulty that Mr W experienced. But while that was unfortunate for Mr W, Virgin still had an obligation to make accurate reports to the CRAs about Mr W's payment history – which I'm satisfied that they have done. I'm also satisfied that Virgin explained this point to Mr W when he agreed the plan.

All of which means that I don't feel that Virgin have acted unfairly towards Mr W as he contends here, and it follows from this that my final decision is that I do not uphold this complaint or instruct Virgin to take any further or alternative action. I hope that Mr W will understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 2 December 2025.

Paul Cooper
Ombudsman