

The complaint

Mr W complains Clydesdale Bank Plc trading as Virgin Money unfairly applied interest and fees to his credit card account.

What happened

The background to this complaint is well known to both parties, so I won't repeat it at length here. As a summary, Mr W holds a credit card account with Virgin Money. In January 2024, Mr W spoke to Virgin Money and explained he was experiencing financial difficulties and asked for support.

Virgin Money applied a breathing space to Mr W's credit card account for 30 days where no interest would be charged on the outstanding balance. This was extended by further 30 days in February 2024, with Virgin Money explaining it could only apply two breathing spaces in a 12-month period.

Mr W requested a further breathing space in April 2024, however Virgin Money said it wasn't able to offer this and would need to complete an income & expenditure (I&E) to get a better understanding of Mr W's financial position. Virgin Money says it tried to contact Mr W to discuss this but wasn't able to reach him.

Receiving no I&E from Mr W, Virgin Money applied interest and charges in line with the terms and conditions of the credit card agreement from April to July 2024 – no further charges have been applied since then.

Unhappy with the service he'd received from Virgin Money, Mr W complained in May 2025.

Virgin Money doesn't agree it's done anything wrong. It says it applied two breathing spaces, but didn't receive anything further from Mr W, so applied interest and charges correctly. Virgin Money also said the information it's reported to credit reference agencies is a fair reflection of Mr W's account, so doesn't agree it's done anything wrong here.

Consequently, Mr W referred his concerns to the Financial Ombudsman. One of our Investigators looked into what had happened and didn't think Virgin Money had done anything wrong. He said that while Virgin Money did have a responsibility to treat customers fairly if they were in financial difficulties, customers also had a duty to engage with the lender. As Virgin Money hadn't received further contact from Mr W, such as completing an I&E, he didn't think it had acted unreasonably.

Mr W disagreed with our Investigator's opinion. He said Virgin Money was aware of his circumstances, so it was unfair it was profiting by applying further interest and charges during this period.

As the matter wasn't resolved, the complaint has been passed to me to decide.

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've given consideration to the relevant rules and regulations applicable to this complaint and while I may not comment on everything (only what I consider is key) this is not meant as a discourtesy to either party, rather reflects the informal nature of our service.

Having done so, I've reached the same conclusions as our Investigator for broadly the same reasons. I appreciate this answer will come as a disappointment to Mr W; however, I won't be directing Virgin Money to remove any of the interest or charges it's applied to his credit card account since January 2024.

Virgin Money applied a breathing space in January 2024, for 30 days, this was extended by a further 30 days in February 2024. Virgin Money however explained to Mr W this was a temporary option and if he was experiencing more prolonged financial difficulties it would need to discuss a payment plan and to better understand his financial situation. This was also made clear in the letters Virgin Money sent to Mr W, confirming the breathing spaces had been applied to his account.

Virgin Money like all firms is expected its customers fairly and sympathetically if they're experiencing financial difficulties, but this doesn't mean it's required to apply a blanket policy to all customers that may be experiencing challenges.

Rather, as Virgin Money has done here, it's said it would need to know more about Mr W's situation, through completing an I&E and then consider which options are available and appropriate to Mr W's circumstances.

Therefore, after the second breathing space came to an end in March 2024, and hearing nothing further from Mr W, I don't find it was unreasonable for Virgin Money to apply charges and interest to the account in line with the terms and conditions of the agreement. Mr W wrote to Virgin Money to ask for a further breathing space, but it explained its policy is to only offer two periods in a 12-month period as it doesn't consider it a long-term solution – which is a decision it's entitled to make.

I can see Virgin Money attempted to contact Mr W about his credit card account in April, June and July 2024, but wasn't able reach him or discuss his account. Virgin Money stopped applying charges in July 2024, which I also find fair.

I appreciate Mr W is unhappy the further charges and interest have seen his credit card balance exceed his credit limit and this has been reported to credit reference agencies. However, as I've found Virgin Money was reasonable in applying these charges for the reasons I've explained, I don't then find the information it's reported to credit reference agencies to be unfair or an inaccurate reflection of his account.

In conclusion, while I'm sorry to hear of the challenges Mr W has experienced, I think Virgin Money has acted reasonably. It applied a breathing space to Mr W's account for 60 days and explained this was only a short-term solution and it would need to discuss Mr W's circumstances in more detail to agree any further payment plan. As it didn't hear from Mr W, I don't then find Virgin Money has been unfair in the actions it taken.

My final decision

For the reasons I've explained above, I don't uphold Mr W's complaint about Virgin Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 9 January 2026.

Christopher Convery
Ombudsman