

The complaint

Mr C is unhappy that Clydesdale Bank Plc, trading as Virgin Money, have reported adverse information to his credit file during a time that they wouldn't tell him any information what he needed to pay.

What happened

In June 2024, a transaction on Mr C's account was flagged by Virgin's automated fraud prevention systems and a text was sent to Mr C asking him to confirm if the transaction was legitimate. Virgin didn't receive a response to the text message, and when they called Mr C they got no answer. Virgin then sent an email to Mr C asking him to contact them.

Two days later, on 17 June, Mr C called Virgin. However, he didn't pass the account security protocols and his account was blocked. Virgin explained to Mr C that he would need to provide identification documents so that his identity could be verified and the blocks on his account removed.

Mr C sent identity documents to Virgin but they weren't by Virgin and so his account remained restricted. This included that Mr C couldn't see his account balance or what his required minimum monthly payment was. Mr C rang Virgin and asked what his minimum payment to the account was, but the advisors he spoke to couldn't tell him because the account was restricted.

Mr C made payments to the account that he thought would satisfy the minimum payment requirement but didn't. This led to Mr C incurring adverse credit file reporting and late payment fees on the account.

Mr C sent his documents to Virgin for a second time, but they were rejected by Virgin because they couldn't be properly read. Mr C then sent his documents for a third time, and these were accepted by Virgin and the blocks on his account removed.

Mr C wasn't happy that he had incurred late payment fees and adverse credit file reporting at a time when Virgin wouldn't allow him to see what he owed on the account via the mobile app and wouldn't tell him what he needed to pay when he phoned. So, he raised a complaint.

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

One of our investigators looked at this complaint. They didn't feel it was fair for Virgin to have reported adverse information to the credit reference agencies or charged late payment fees during a time that they had restricted Mr C's access to his account balance and account payment requirements. So, they upheld Mr C's complaint and said that Virgin should reimburse the charged fees and remove the adverse credit file reporting from Mr C's credit file. Virgin didn't accept the view of this complaint put forward by our investigator, 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.

Virgin have explained that they restricted Mr C's account as a security measure when Mr C failed their security questions on a phone call. And Virgin have also explained that when they restrict an account on this basis, they don't release any information about the account, including account balance and minimum payment requirements, until the required personal identity documents are presented to them so that the restrictions can be removed.

It's for Virgin to set their process in this regard. But given that Virgin didn't allow Mr C to view his minimum payment information and didn't give him that information when he called, I don't feel that it's fair for Virgin to apply late payment fees or submit adverse credit file reporting when Mr C failed to meet a required payment threshold that Virgin wouldn't tell him about. As such, I'll be upholding this complaint and instructing Virgin to remove the adverse credit file reporting from Mr C's credit file and to reimburse all account fees he incurred during the period in question.

I take this position because I fail to see what risk telling Mr C what his minimum payment amount was for any given month would entail, even if the account was restricted. Virgin didn't have to give any other information to Mr C, but I would have expected them to have provided the minimum information necessary to enable him to have avoided fees and adverse credit file reporting while he didn't have access to his account. I also consider Virgin's statement, that Mr C would be expected to understand what fees he would have incurred on his account while he didn't have sight of the balance or the account movements and to have paid those fees accordingly, to be completely unreasonable.

However, I won't be issuing any further instructions to Virgin beyond this, such as any payment of compensation to Mr C, because I feel that Mr C could and reasonably should have acted differently to how he did here, so as to mitigate against what happened. For instance, Mr C could have provided his personal identity documents in a readable form to Virgin sooner than he did. And given that Mr C didn't have sight of his account, I feel that he could also have paid more than what he thought the minimum payment amount might be, which would likely have prevented the fees and adverse credit file reporting being incurred.

But that Mr C could reasonably have acted differently here doesn't alter the fact that Virgin charged fees and submitted adverse credit file reporting at a time when they didn't give Mr C access to his monthly minimum payment amount or tell him how much he needed to pay as a minimum when he called. Ultimately, this feels unfair to me, and so I'll be upholding this complaint in Mr C's favour as described.

Virgin may argue that they have a responsibility to make accurate reports to the credit reference agencies. As such, if Virgin can't find a way to comply with my instructions that is satisfactory to them, they can retrospectively credit Mr C's account with the required amounts such that the adverse credit file reporting would never have been made, recalculate Mr C's account on that basis, and amend the credit file reporting accordingly.

Putting things right

Virgin must remove all adverse credit file reporting from Mr C's account and reimburse all fees charged to the account for the period in question, which I understand to be July to December 2024.

My final decision

My final decision is that I uphold this complaint against Clydesdale Bank Plc, trading as Virgin Money, on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 8 October 2025.

Paul Cooper
Ombudsman