DRN-5775585

The complaint

Mr F complains about the service he received from Clydesdale Bank Plc trading as Virgin Money, in connection with his credit card account.

What happened

Mr F holds a credit card account with Virgin. In late 2023, Mr F's card expired, and Virgin Money wrote to him to explain that he wouldn't be receiving a new card, and that his account would be closed in 60 days.

Mr F explained that the letter set out that subscriptions on his account would not be authorised, and that he'd need to find another card to move any subscriptions across to.

Mr F appealed Virgin Money's decision in December 2023 and requested that a complaint be raised. While Virgin Money didn't initially log the complaint, they later realised they should have, so they back dated the complaint to when Mr F originally raised his concerns. They referred Mr F's appeal to their appeals team, and the decision was ultimately overturned. Following this, Virgin Money issued Mr F with a new card in March 2024.

In June 2024, a payment for £79.99 left Mr F's account. And in July and August 2024, statements were sent to Mr F setting out how much he needed to pay towards the new balance that had accrued on his card. However, no payments were made in the months that followed the statements.

Mr F argued that the £79.99 payment should have never left his credit card account, as it was for a service he no longer required, and did not use. He said he wasn't aware this payment would be leaving his account. He said the last contact he had from Virgin Money was to inform him they had chosen not to renew his card, and he'd received no confirmation that his appeal had been successful. So, he said that Virgin Money should refund the £79.99 payment; refund any charges and interest for those months; remove any negative markers from his credit file, and pay him compensation.

Virgin Money agreed to refund the interest and charges in question, and they credited Mr F's credit card account with a payment of £79.99 to cover the cost of the unwanted subscription he'd paid for. However, they said they had a responsibility to report accurate information to credit reference agencies (CRAs). So, given that payments hadn't been made for the months in question, they didn't agree to Mr F's request that they instruct CRAs to remove the negative markers.

Unhappy with Virgin Money's response, Mr F brought his complaint to our service. He said he expects Virgin Money to remove the late payment markers from his credit file and feels he should be compensated for his troubles.

An investigator considered Mr F's complaint, but before issuing their findings on the matter, Virgin Money informed our service that they would agree to instruct the CRAs to remove the late payment markers in question. The investigator then issued their opinion, where in short, they set out that they felt that Virgin Money had now – when taking into account their recent agreement to instruct CRAs to remove the negative credit markers – done enough to put things right.

However, Mr F felt that in addition to the above, he should also receive a payment of compensation. So, as the parties haven't reached an agreement, the case has been passed to me, an Ombudsman, 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.

Having done so, while this will no doubt disappoint Mr F, I agree with the findings of our investigator, and for broadly the same reasons. I'll explain.

Virgin Money initially exercised its right to choose not to issue Mr F with a new card when his last card expired. The terms of Mr F's account allow Virgin Money to end an agreement if they reasonably believe, as a responsible lender, that it is necessary to do so.

Virgin Money explained that the reason they were ending the agreement and not issuing Mr F with a new card initially, was based on Mr F's account history and information they obtained from CRAs. On the face of it, I'm satisfied Virgin Money's reasons for looking to end the agreement are in line with what the terms and conditions of the account allow.

I haven't looked further into the reasons that sit behind Virgin one's initial decision. That's because, on appeal from Mr F, Virgin Money overturned their decision, and, in March 2024, issued a new card to Mr F to use.

So, I've gone on to look at the subsequent issues that were raised.

Following the reversal of Virgin Money's decision, and issuance of a new card, a regular payment set up on Mr F's account was paid in June 2024. Mr F has argued that the payment should have never left his account, because to his knowledge, he wasn't aware the card was still in place in order for payments to be made.

While Virgin Money had exercised their right to end the agreement with Mr F initially, and this was then overturned, it doesn't seem that any communication was issued to Mr F to explain this, other than a further card being sent to him. So, I can understand it, when Mr F says that he had presumed the new card may have been sent to him in error, given the last communication he received from Virgin Money was to inform him his card was not being renewed.

However, given that Mr F had formally raised concerns about Virgin Money choosing to cancel his agreement and not issue a new card; and, had lodged an appeal about their decision, I think it's just as likely, that he ought to have questioned, upon receiving a new card, whether or not his appeal had potentially been successful. Or receiving the card should've brought about enough doubt, to have at least reached out to Virgin Money and question why this had been sent.

So, while I agree with Mr F, that more could've been done on Virgin Mooney's part here, they have since credited Mr F's account with the full payment that was made, putting his account back in the position it would have been. And, given that I think Mr F could've potentially done more to mitigate his losses, I don't think the lack of correspondence, is enough to warrant Virgin Money having to pay Mr F compensation in the circumstances.

The only other issues that form part of Mr F's complaint, is the additional interest and charges he accrued as a result of this payment being made form his card account, and the negative impact it had on his credit file. But Virgin Money have since agreed to remove any adverse information that led to the missed payments - as a result of the £799.99 payment being made. And they have also agreed to refund any interest and charges that accrued as a result. So, I'm satisfied that Virgin Money's actions have put Mr F back in the position he would've been prior to the payment leaving his account.

So, in summary, I think there was a small error on Virgin Money's part in the way in which they communicated with Mr F. But Virgin Money have now overturned their decision not to issue Mr F with a new card; they have credited his account with the £79.99 payment he disputed; and they have removed any fees and interest charges associated with that transaction, as well as instructing CRAs to remove any adverse data recorded as a result. On balance, I'm satisfied Virgin Money have done enough in the circumstances.

My final decision

My final decision is that I uphold Mr F's complaint. If they haven't already, Clydesdale Bank Plc trading as Virgin Money should credit Mr F's credit card account with a payment of £79.99; remove any interest and fees charged as a result of the £79.99 payment leaving his account; and instruct CRAs to remove any negative information from his credited file that was reported as a result of that payment being allowed to leave his account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 25 September 2025.

Brad McIlquham
Ombudsman