

The complaint

Mr W is unhappy that Clydesdale Bank Plc, trading as Virgin Money, won't refund an annual account fee.

What happened

Mr W had a Virgin account that incurred an annual fee. The annual renewal date for the card was 9 March. On the morning of 9 March 2025 Mr W conducted a transaction for £9.99. Later that same day, he noticed the annual fee applied to his account.

The following day, Mr W paid the balance of the account, bringing it to zero, and on 11 March he engaged in an online chat with Virgin wherein he asked to close the account and have the annual fee refunded as he hadn't used the account since the fee was applied. Virgin's agent explained that the £9.99 transaction had posted to the account after the fee was applied, and that therefore no refund would be considered. Mr W wasn't happy about this, and he instructed the closure of his account and then raised a complaint.

Virgin responded to Mr W and acknowledged that the £9.99 transaction had taken place on 9 March but said that because that transaction had taken place on the account renewal day it was considered to have taken place after the renewal had taken place. This meant that Virgin felt that Mr W had used his account after it had been renewed such that no refund of the annual fee would be considered. 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 by considering Mr W to have used the account after it renewed, and they noted that the terms of the account that promised a fee reimbursement only applied to customers who didn't use the account for the first year after switching to the account, and didn't apply to renewing customers such as Mr W was. Mr W didn't accept the view 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.

Mr W feels that because he didn't use the account after the renewal fee was applied, he should be entitled to a refund of that renewal fee. But the terms of the account don't support Mr W's argument. Instead, they explain that if an account holder switches to Virgin from another provider and doesn't use the account in the first year after they switch, then they are eligible for a refund of the account fee. But Mr W did use the account in the first year after he obtained it, and he wasn't requesting a reimbursement of the first year's account fee. Instead, he was requesting a reimbursement of the annual fee for a year when his account fee was renewing. As such, the terms that Mr W refers to that suggest he could obtain a reimbursement don't apply, because they aren't relevant to Mr W's position.

Mr W has said that there is no fair reason why the terms in question shouldn't also apply to

renewing customers. But it's for Virgin to set their account terms, and this service has neither the remit nor the authority to instruct a business to change their terms or accept an exception to those terms. And, ultimately, the terms don't state that renewing customers such as Mr W are eligible for any account fee reimbursement.

Notably however, Virgin haven't referred to these terms in their response to Mr W's complaint. Instead, they've referred to Mr W using his account after it had renewed. Mr W disputes this and says that he conducted the £9.99 transaction before the renewal fee posted to his account.

But I don't feel that the timing of the renewal fee being posted to the account should fairly be considered as an indicator of the exact moment of renewal. Rather, I feel that the account renewal date itself is the key point here. And in Mr W's case, his account renewal date was 9 March. As such, I feel that Mr W's account renewed at midnight at the beginning of 9 March, and that therefore any transactions that took place on 9 March took place after the account renewed – regardless of when the renewal fee was applied to the account.

Mr W has also said that he called Virgin on 10 March and was told that he would have to bring the account balance to zero (i.e. pay the account fee) and then close the account, before Virgin would consider any request to reimburse that fee.

I've listened to a recording of the call in question, and Mr W does ask to close his account and does ask about a refund of the annual account fee. In response, Virgin's agent explains that in order to request a refund of the fee, Mr W would need to bring his account balance to zero, which would entail paying the account fee applied to the account balance, and then request a refund from a specialist team who would assess his request.

In response, Mr W asks Virgin's agent what Virgin's policy regarding account fee refunds is and states that there would be no point in his closing the account if he isn't eligible for a reimbursement of the account fee. Virgin's agent then stated to Mr W that there was no policy, which Mr W understandably challenged, which led Virgin's agent to change their position slightly and say that they can't tell Mr W what Virgin's policy surrounding account fee reimbursements is.

The service that Mr W received on this call was of a poor standard. Not only did Virgin's agent fail to give Mr W accurate information about Virgin's policy, which should have been an explanation that Mr W wouldn't have been eligible for a reimbursement, but they also indicated that Mr W might be eligible for a reimbursement but could only potentially obtain one if he went ahead with his account cancellation and requested it from the specialist team at Virgin who assessed such requests.

I've also listened to a second call that took place between Mr W and Virgin on that same day, when Mr W also asked about cancelling his card, and when Virgin's agent on that occasion did note the £9.99 transaction that had taken place after the account renewal date. Unfortunately, the call recording ends prematurely, and at crucial time, with Virgin's agent noting the £9.99 transaction and saying, '*because of that [transaction]...*' and then the call recording ends.

Given the tone of that conversation, it seems reasonable to assume that Virgin's agent would have completed that sentence by stating that Mr W might not be eligible for an annual fee reimbursement. However, this can't be definitively confirmed.

Notably, however, Mr W did engage in an online chat with Virgin on the following day, 11 March, at which time he asked to cancel his account. This means that Mr W hadn't cancelled his account during the calls with Virgin the previous day and had had time to review the

terms and conditions of his account.

Furthermore, on this chat, Virgin's agent explained to Mr W that because the £9.99 transaction had taken place after the annual renewal, Mr W wouldn't be eligible for an account fee reimbursement. This was the correct information, and I feel that it probably echoed what Mr W was likely told the previous day by one of Virgin's telephony agents (on the call where the call recording ended prematurely, as described above).

Importantly, after being given the correct information, Mr W challenged Virgin's agent and then stated: *"Anyway I still want to cancel. If my request for a refund is denied, I would like to raise a complaint"*. As such, I feel that Mr W did ask Virgin to cancel his account in the knowledge that his request for an annual fee reimbursement might not be granted. And I feel that if Mr W had wanted at that time to keep his account open if the annual fee wouldn't be reimbursed, he wouldn't have specifically asked Virgin to close his account.

In recent correspondence with this service, Mr W has said that if the fee wouldn't be reimbursed, he would have wanted to have kept the account open. And I note that Mr W did explain the same to one of Virgin's agents when he spoke with them on the telephone. However, during the online chat that took place on 11 May, at that moment, Mr W did ask Virgin to close his account in the knowledge that his account reimbursement request might not be granted. And while Mr W may now regret asking Virgin to close his account in those circumstances, I don't feel that Virgin acted unfairly by closing his account at that time, given the clarity of Mr W's request.

Mr W may argue that at the time he asked Virgin to close his account he'd been given contradictory information and was tired of trying to obtain clarity from Virgin. But I feel that having been told that he wouldn't be eligible for a reimbursement, that Mr W could reasonably have sought some reassurance from Virgin's agent that the information they were telling him was correct, especially in light of earlier conversations Mr W had had with Virgin, before committing to closing his account at that time.

All of which means that I don't feel that Virgin have acted unfairly towards Mr W as he contend here, and it follows from this that I won't be upholding this complaint or instructing Virgin to take any further or alternative action.

This is because Mr W wasn't eligible to receive an account fee reimbursement. And while Virgin could and reasonably should have explained this fact to Mr W when he first spoke with them about it, they did ultimately give Mr W the correct information about his ineligibility to receive a refund, and Mr W did then ask Virgin to close his account having been provided with that correct information.

I realise this won't be the outcome that Mr W was wanting here. But I hope that he 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 22 October 2025.

Paul Cooper
Ombudsman