

The complaint

Mr and Mrs C complain that Clydesdale Bank Plc trading as Virgin Money ("Virgin") are unfairly reporting missed payments on their credit files in relation to a current account they have with it.

What happened

In December 2024, Mr and Mrs C say that they had an application rejected for their mortgage due to a failed credit check. As a result, they checked their credit files and noticed that Virgin Money had recorded their account as having been two months in arrears. They say this was as a result of fees being applied to the account in August and October 2024, which put the account in an unarranged overdraft by £7.00. Mr and Mrs C say that they made a payment to clear the overdrawn amount as soon as they became aware.

Mr and Mrs C say they didn't receive any letters about the arrears, despite Virgin Money explaining to them that they sent several. They say they had received other post during this time. And that Virgin Money didn't make attempts to contact them by any other method, and had they done this, they would have made a payment straightaway.

Mr C also complained that when he opened the account in November 2017, the terms and conditions agreed to at the time didn't include this type of fee. And they weren't informed about the introduction of the fee.

To put things right, Mr and Mrs C would like Virgin Money to remove the adverse information from their credit files.

Virgin Money responded to Mr and Mrs C's complaint but didn't uphold it. It said that the fee had been applied in line with the terms and conditions of the account. That's because a direct debit was attempted on 3 September 2024, and reattempted on 30 September 2024, and because there were insufficient funds in the account, a £4 fee was charged for each transaction that was attempted, and the charges were applied to the account on 29 October 2024. Virgin Money added that it had written to Mr and Mrs C about the situation. And it said that because the charge wasn't paid until December 2024, it was right to record this with the credit reference agencies ("CRA's").

An Investigator considered what both parties had said but they didn't think the complaint should be upheld. They explained that the charges had been fairly applied, and that because the account had entered an unarranged overdraft position which hadn't been repaid, it was fair of the arrears to be reported to the CRA's. The Investigator also found that Virgin Money had done enough to contact Mr and Mrs C, and that it had acted in line with the terms and conditions that applied to the account at the time the charges were applied.

Mr and Mrs C didn't agree with the Investigator's view. They reiterated that they hadn't received any of the letters Virgin Money says it sent. They also didn't think the information the Investigator shared with them was enough to say the letters had in fact been sent. They also said that the terms and conditions of the account had been changed without notifying him.

Because an agreement couldn't be reached, the complaint was passed to me to decide on the matter.

I previously issued my provisional decision on this case. It was my intention to come to the same outcome as the Investigator, but I provided additional reasoning for the outcome. Because of this, I wanted to give both parties the chance to respond with anything else they wanted me to consider before I came to my final decision on the matter.

I have copied my provisional findings below, which also form part of this final decision.

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having considered all the available evidence, I don't intend to uphold Mr and Mrs C's complaint.

I'll firstly address the issue with the change in the terms and conditions of the account. Mr C says that when he first opened the account, and before it was a Virgin Money account, there was no fee for a returned direct debit, and he wasn't notified of the change to the terms and conditions to include this. Mr C provided a copy of the terms and conditions and a copy of the information relating to charges. The tariff information Mr C sent, shows that a fee of £15 is chargeable in the below circumstances:

"This fee is charged when there is not enough money in your account or agreed overdraft to make a payment and we refuse the request. We will not charge the Returned item Fee if the value of the unpaid item is £15.00 or less. This is the Returned item Fee Buffer Amount".

Based on this information, it seems to me that Mr C would have always been charged a fee for a returned direct debit payment. The terms and conditions of the account have changed overtime, but the fee for this is now £4 instead of £15.

While I don't know how or when Mr and Mrs C were notified of this change, given that the fee has reduced over time, I don't think they are worse off in the circumstances of this particular complaint by not having been notified about the change in fee – because it appears to have been applicable at the time Mr C took out the account, it has just reduced in price since he opened it.

In addition to what I've said here, I'm persuaded Mr and Mrs C were aware that a returned direct debit would incur a £4 fee, as I can see this same situation happened in 2021 and 2023, where they were charged a £4 fee from an unpaid direct debit. I can see they were sent a letters at this time to notify them.

Overall, I don't think it was unfair or unreasonable of Virgin to have charged the fee – it was entitled to do so in the terms and conditions, which had always included this type of fee since Mr C took out the account.

Turning to the information being reported to the CRA's; Mr and Mrs C say that Virgin are unfairly reporting a missed payment on their credit file. They say this because they didn't receive any of the letters Virgin say it sent them about the status of the account.

The Investigator provided Mr and Mrs C with the evidence Virgin Money provided this Service which says shows the multiple letters were produced on its systems to let them know the status of the account. Mr and Mrs C say they didn't receive any of the letters Virgin say it sent, and they said that the evidence Virgin had provided didn't prove they were sent. I

accept Mr and Mrs C's argument, that the evidence doesn't show that the letters were in fact sent to them. The evidence shows that multiple letters were produced, albeit not sent. Virgin say that once the letters are produced on their systems, they are automatically sent, but they don't hold any other evidence that would show they're sent because it's an automated process.

Where the evidence is incomplete, I have to make a decision based on what I think it most likely to have happened in the circumstances. Given the volume of letters Virgin produced to send to Mr and Mrs C, I find it unlikely that none of them were sent. I accept that it's possible, but I don't think it more likely. All the letters appear to have been correctly addressed, and so I see no reason why none of them would have arrived at Mr and Mrs C's address – specially given that they have confirmed there were no postal issues at the time.

I accept Mr and Mrs C will be disappointed by this findings, given that they strongly dispute the letters being sent. But I have to rely on the evidence I have seen, and I'm more persuaded that the letters that Virgin produced, were likely sent.

Virgin Money has also provided me with a copy of some push notifications it sent via the Virgin banking app. I can see that it sent a notification on 30 October 2024 which said "Your Virgin Money account ending XXXX is now in an Unarranged Overdraft on 30 Oct due to an item paid. To avoid..." Whether Mr or Mrs C got this notification, I'm not sure, as it's not something they've mentioned. But in any event, I am persuaded that Virgin did make other attempts to let Mr and Mrs C know the status of the account.

In addition to what I've said here, there is a responsibility on Mr and Mrs C to ensure that there are enough funds in the account for payments to be made when they are due and to monitor the account on a regular basis. This wasn't the case here which ultimately resulted in a fee being charged, taking them into their unarranged overdraft. I can't hold Virgin responsible for this.

Based on everything I've seen so far, I'm persuaded that Virgin fairly applied the fee to Mr and Mrs C's account. I'm also satisfied that it did enough to contact Mr and Mrs C about the status of the account. And so for these reasons, I don't think it was unfair of Virgin to have reported a missed payment to the CRA's when no payment was made to bring the account back up to date until December 2024."

Neither party responded to the provisional decision by the deadline set.

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.

Given that neither party responded to the provisional decision by the deadline set, I've assumed they have nothing further to add. Because of this, I see no reason to depart from the findings I made in my provisional decision. It follows that I don't uphold Mr and Mrs C's complaint.

My final decision

For the reasons set out above, I don't uphold Mr and Mrs C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 4 November 2025.

Sophie Wilkinson
Ombudsman