

The complaint

Mr W complains that Clydesdale Bank Plc trading as Virgin Money (“Virgin Money”) didn’t raise chargebacks for him for transactions that took place on his account. Mr W also complains that Virgin Money failed to offer support to him as a vulnerable customer and closed his account without notice.

What happened

Between 23 November 2024 and 15 December 2024, Mr W gambled around £3,300 on unregulated gambling websites from his Virgin Money credit card account.

Mr W contacted Virgin Money saying these transactions were only accepted because the merchant website used an incorrect Merchant Category Code (“MCC”) which bypassed the gambling ban on UK credit cards. He asked Virgin Money to process chargebacks for these transactions, but Virgin Money said Mr W was out of time to do so, as he hadn’t provided specific information they’d requested from him.

Mr W complained saying the website and their payment processors had misrepresented themselves because the transactions would have been blocked had they used the correct MCC. Mr W also complained that Virgin Money hadn’t extended the time for him to provide the information they’d requested for the chargeback to be raised and mentioned he needed more time because they’d asked him to provide information by post rather than digitally.

Virgin Money didn’t think they’d done anything wrong and so Mr W referred the matter to our service. Since then, Mr W has raised other issues. He said Virgin Money failed to notice the frequency and amount of the transactions and failed to protect him as a vulnerable customer. He also said Virgin Money failed to offer support for the financial difficulties he was experiencing as a result of his complaint, by failing to offer options like pausing interest and payment while the complaint was ongoing. And Mr W was unhappy that Virgin Money closed his account without warning or notice.

One of our investigators looked into what happened but didn’t recommend that Virgin Money needed to do anything to put things right. She felt Virgin Money were correct not to raise chargebacks as there was nothing within the card scheme operator’s chargeback rules that permitted this, taking into account the circumstances of Mr W’s claim.

Our investigator also felt that Virgin Money had offered to help Mr W by providing details of their specialist support team for him to contact and to discuss his circumstances. She also said Virgin Money hadn’t acted unfairly by closing Mr W’s account as they did so to avoid further foreseeable harm to him, bearing in mind he had used websites to gamble.

Mr W didn’t agree with our investigator’s view and so his 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'm aware I've summarised the events of this complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality. But I want to assure Mr W and Virgin Money that I've reviewed everything on file. If I don't comment on something, it's not because I haven't considered it. I've concentrated on what I think are the key issues, which our powers allow me to do.

According to Virgin Money's records of Mr W's complaint, which I've seen, it appears he said to Virgin Money that he didn't receive the goods or services from the merchant/website in question. However, Mr W was aware he was using a gambling website, and the transactions were gambling ones. So, I'm satisfied he received the services he was paying for. This is important as I note that Mr W mentioned to Virgin Money he might have a claim under Section 75 of the Consumer Credit Act 1974. However, that law only covers breaches of contract or misrepresentation. And, as Mr W used the websites to gamble, and received that service, I don't think there's sufficient evidence of either a breach of contract or a misrepresentation.

I note though that Mr W also said the only reason he was able to make these transactions was because the MCC's attached to them were listed as something other than gambling, which meant the gambling operator knowingly and deliberately misrepresented the transactions to stop them from being blocked.

Mr W feels Virgin Money should have raised a chargeback because the merchant and whoever was involved in processing their transactions used the wrong MCC. The relevant card scheme operator here was Mastercard. Our service has directly contacted Mastercard about scenarios where merchants and/or their acquirers/payment processors have used incorrect MCC's to mask gambling transactions. Mastercard has directly confirmed to us that there are no chargeback rights for any sort of gambling transactions, such as the ones Mr W made, and there are no chargeback codes applicable where incorrect MCC's have been used. Mastercard also confirmed to us, that, had a lender such as Virgin Money submitted a chargeback request in circumstances such as Mr W's, this wouldn't have been successful had this been sent to them to decide.

I'm aware that what I've mentioned above wasn't the reason why Virgin Money didn't raise a chargeback. Their reason was that Mr W hadn't sent in required documentation in time for them to do so. However, even if Virgin Money were wrong in deciding the chargeback was out of time, or that Mr W hadn't sent in the required documentation (and I make no finding on either), that wouldn't change the validity of the chargeback and its likely prospect of success, bearing in mind what I've said in the previous paragraph.

I'm aware that Mr W has made successful chargeback claims with other banks. However, that was a decision made by those banks. That doesn't mean Virgin Money were bound to do the same though. I've also noted that Mr W has referred to other decisions made by ombudsmen here where the decisions have been upheld in favour of the consumers. However, the circumstances of each case are different and I'm considering the specific circumstances of Mr W's complaint and whether Virgin Money acted fairly.

Mr W has raised other issues about Virgin Money, such as them not noticing the pattern of spend on his account, failing to offer support to him as a vulnerable customer and closing his account. Those issues weren't ones that formed part of his complaint to Virgin Money and Virgin Money hasn't, from what I can tell, investigated those specific points and provided their responses about them to Mr W. However, I note our investigator has commented on those issues and so, for the sake of completeness, I will do the same.

Mr W has queried why Virgin Money didn't reach out to discuss the transactions on his account as he said these were indicative of someone experiencing financial harm and vulnerability. He thinks Virgin Money ought to have identified him as vulnerable and offered more help and support than they did.

It's important to clarify that credit card providers don't routinely monitor individual transactions on accounts. Even when we call to speak to representatives on the phone or contact a company online through a live chat, the people we speak to may only have access to limited information linked to the specific question we ask and not sight of the entire account or individual transactions. This means that no one at Virgin Money was reviewing the information on Mr W's account in the way he might assume they were. Manual reviews, where a staff member actively reads account statements and sees the types of transactions that are taking place, only happens where there is a specific risk identified that prompts the business to think such a review is necessary. Or where a consumer asks for a review directly or has an agreement in place with the business that such a review will take place.

Instead, most of the time, businesses rely on algorithms to identify risk to the account and the account holder. And those algorithms are designed to look for things like evidence of financial harm, which for credit card accounts would be things like payments being missed frequently, credit limits being exceeded for prolonged periods of time, multiple cash advances, or where unauthorised third parties access funds without permission.

I've seen though that during the time that Mr W was making the transactions in question, he was receiving credits into his credit card account. And I've not seen evidence that the credit limit was being exceeded during this time. The credit limit had been approved by Virgin Money and so Mr W was entitled to use it, without it necessarily alerting Virgin Money to him experiencing harm. And because Mr W was authorising the transactions he made, there was nothing to indicate there might be a risk of fraud or scam. This means no one in Virgin Money would have been automatically aware that Mr W was spending money in the manner he was.

I can only uphold this part of Mr W's complaint if I think Virgin Money failed in its obligations to provide him support having identified him as vulnerable. And despite the fact Mr W was genuinely vulnerable, and in need of support, I can't conclude there was anything on the account that would have alerted Virgin Money to that fact without a manual review taking place. And I can't say Virgin Money were wrong not to manually review the account for the reasons I've set out above.

I've also considered whether Virgin Money should have frozen interest and payment requests while Mr W's complaint was ongoing here. However, there is no obligation for Virgin Money to do this, and I note from their records they tried to call Mr W on 9 September 2025 and 10 September 2025 to offer support with any financial difficulties he was experiencing. I also haven't seen evidence that Mr W contacted Virgin Money for support and was then refused this. So, I don't find that Virgin Money acted unfairly here.

Finally, I note that Virgin Money closed Mr W's account. I've seen a copy of correspondence they sent to him on 14 May 2025 in which they said they had done this in accordance with section 6.12 of his credit agreement with them because his account had been used for gambling. Virgin Money also said it wouldn't be reasonable to continue to lend to Mr W in these circumstances.

I've looked at the terms and conditions of Mr W's account and section 6.12 does set out that the credit card mustn't be used for gambling transactions.

I realise that Mr W is unhappy with Virgin Money's decision to close the account. But, as he

had said he was vulnerable and that they should have prevented him from gambling, I think their actions to protect Mr W from possible future gambling harm by withdrawing the access to credit immediately wasn't an unreasonable thing for them to have done.

I of course appreciate the impact this matter has had in Mr W. However, I can only assess whether I think Virgin Money acted unfairly or unreasonably in any way. And, for the reasons I've set out above, I don't find that they did. This means I won't be upholding Mr W's complaint.

My final decision

For the reasons I've set out above, I don't 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 6 March 2026.

Daniel Picken
Ombudsman