

The complaint

Mrs E complains that Clydesdale Bank Plc, trading as Virgin Money, blocked her credit card without notice.

What happened

Mrs E held a credit card with Virgin Money. In July 2025, the credit card was restricted; Virgin Money did so after Mrs E had made a complaint to it about irresponsible lending – it restricted her card as means of ensuring no further credit was spent.

Virgin Money didn't explicitly tell Mrs E her card had been restricted and, in August 2025, when Mrs E attempted to use it, she discovered all transactions were declined. This was particularly problematic, as she had no other means of payment whilst on a day out with her young daughter. Mrs E complained to Virgin Money, she said she was caused significant embarrassment and stress as a result of its actions – specifically, because it hadn't told her the card had been restricted.

In response, Virgin Money didn't uphold Mrs E's complaint. In short, it said that it had acted within the terms and conditions of the credit card. Virgin Money also thought Mrs E should've been aware of the card likely being restricted, given she'd complained about irresponsible lending.

Mrs E referred the matter to this Service, and an Investigator here considered what had happened; the Investigator thought her complaint should be upheld. They said, in summary, that Virgin Money's decision to block the account wasn't at all unreasonable – it did indeed have the ability to do so, and had acted legitimately in the circumstances. That said, the lack of communication was crucial. Regardless of whether she'd raised complaints, there was no indication whatsoever to Mrs E that her card had been blocked. Her Virgin Money app, for example, still displayed an available balance and had no reference to the card being unavailable to use; no emails, text messages, or letters had been sent either. In conclusion, the Investigator thought Mrs E had been caused some avoidable inconvenience given Virgin Money's lack of communication – so, they awarded Miss E £100 compensation.

Virgin Money disagreed, and it asked for an Ombudsman's decision. It largely reiterated that it had the right to restrict accounts, and also said it was under no obligation to communicate with Mrs E about it.

As no agreement has been reached, Mrs E's 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.

Having done so, I agree with the findings of our Investigator – and for broadly the same reasons.

To explain, there's no question that Virgin Money can choose to restrict an account like Mrs E's; broadly speaking, I don't think it was unreasonable of it do so in the circumstances here. Mrs E had, after all, told Virgin Money that she thought the credit had been provided irresponsibly. Preventing a customer from spending more credit in such a scenario seems like a rational step to take.

Whether Virgin Money can, or can't, restrict an account isn't the question here, though; that isn't in dispute. Rather, what I'm looking at is whether Virgin Money acted fairly and reasonably in these specific circumstances – and I'm not persuaded that it did. I say that largely because it gave Mrs E no indication whatsoever that her card had, in fact, been blocked. Whether she'd complained about irresponsible lending or otherwise, Mrs E had no reason to think a block *had* been applied and the card was now unavailable to use. Virgin Money's mobile app didn't tell her, Virgin Money itself didn't tell her and, as I understand it, there wasn't any other discernible clue that such action had been taken.

I know Virgin Money's position is such that Mrs E ought to have suspected a restriction might be put in place, given her irresponsible lending complaint, and also that its terms – which it says Mrs E would've known about when she signed up – don't obligate it to let a customer know of a restriction. In certain situations, I'd agree that not letting a customer know about a restriction would be entirely reasonable. I don't, though, think that applies here. Nor would I expect Mrs E to remember certain clauses, in the terms and conditions which govern her account, from when she'd have opened the credit card. Rather, I think that all Virgin Money needed to do here was explain or at least indicate – in some format – that it had indeed taken the decision to restrict Mrs E's card. Letting her know the facility was unavailable is surely an appropriate thing to do in the circumstances.

If Virgin Money had said something, then it's highly probable that the inconvenience Mrs E experienced would've been avoided. Whether she should have been using the card at all, or for what purpose, isn't really relevant; generally, as far as Mrs E was concerned, it was a facility still open and available to her. It was with that in mind that she tried to make use of it, but was ultimately left in a difficult situation.

In conclusion then, I do think some modest compensation is warranted here; and I agree with our Investigator that £100 is enough in the circumstances. So, that's what I require Virgin Money to pay Mrs E.

My final decision

My final decision is that I uphold Mrs E's complaint. Clydesdale Bank Plc, trading as Virgin Money, should now arrange to pay Mrs E £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 30 December 2025.

Simon Louth
Ombudsman

