

## **The complaint**

Mrs C complains about Clydesdale Bank Plc trading as Virgin Money's (Virgin) decision to lend to her. She's also unhappy about their management of her credit card account and feels they ought to have realised she was in financial difficulties.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them again in any detail here. Instead, I'll provide a brief summary, then focus on giving my reasons for my decision.

When Virgin didn't uphold Mrs C's complaint and she remained unhappy, she asked the Financial Ombudsman Service to look into things. One of our Investigator's did, saying she thought Virgin had completed reasonable and proportionate checks prior to opening her account and based on the results of those checks and considering the purpose for which the card was being taken out for, she didn't think they'd acted unfairly by providing the credit.

But our Investigator said she did think Virgin should have seen Mrs C was struggling with her repayments, that it was more than a short-term problem and that they should've stepped in sooner to support her. Because of this, our Investigator said Virgin should refund any interest, fees and charges applied to her account after 15 November 2023, the point at which she thought Virgin ought reasonably to have stepped in.

Mrs C accepted our Investigator's view, but Virgin didn't, saying she'd ignored communication they'd sent including about her being in persistent debt and it placed no onus or responsibility on Mrs C's part for her to notify them about her circumstances.

Virgin also said our Investigators opinion that instructed them to correct any aspect of Mrs C's credit file impacted by the account was an irresponsible request and said her facing financial difficulties in itself would have impacted her credit history, resulting in the account potentially defaulting.

Because Virgin didn't accept our Investigators view, this 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.

Because Mrs C's complaint about Virgin's lending decision is no longer in dispute, Mrs C accepted our Investigator view, I won't be considering it further in this decision. Instead, I'll focus on what remains in dispute – Virgin's handling of Mrs C's account.

Prior to reaching my decision, I reached out to both Mrs C and Virgin as I thought our Investigator's proposed redress regarding adverse data needed clarifying. I said in the circumstances of her opinion, I would expect Virgin to amend the amount and date of the

default applied, as opposed to them removing it completely.

I also asked Virgin for their comments on my initial observations, especially around their communication which had gone unanswered and their awareness of Mrs C's difficulties in July 2022.

Virgin said after Mrs C's call in July 2022 had dropped, the agent tried to call her back, but she didn't pick up. Mrs C then continued to make payments to her account until September 2023, however, when payments then stopped, she didn't contact them again – instead ignoring her responsibilities as a borrower.

Virgin said in addition to the attempted call; they sent letters and statements. They asked if they were being expected to change their processes and policies for one customer, adding she received one email on the same day as having requested a new card via their live chat facility, questioning why she hadn't raised her financial position at that time.

Finally, Virgin asked our service to keep in mind that Mrs C's account debt was sold shortly after her account was defaulted, when deciding any remedial actions that might need to be taken.

I've considered all Virgin's comments and evidence carefully and I want to thank them for providing responses in the detail that they did. I know it will come as a disappointment to them, but I have reached the same outcome as our Investigator and for similar reasons – I'll explain why.

After initially having used the credit card for the purpose of a balance transfer in October 2020, Mrs C made only the minimum repayments to her account during the balance transfer promotional period, until May 2022.

In June 2022, interest started to accrue on the whole balance owed meaning Mrs C's minimum repayments increased significantly. After having June's payment initially reversed, Mrs C called Virgin in July 2022 and told them she was struggling. During the call it was clear to the agent she was upset and an income and expenditure assessment was started.

Unfortunately, during the assessment, the call dropped. I acknowledge a call back was attempted which was unsuccessful and no further call from Mrs C was received, but Mrs C had been explicit on this call that she was struggling to meet the repayments and that she was only just able to clear the interest. So, I do think this call is important. It clearly raised Virgin's awareness of Mrs C's vulnerabilities.

Mrs C made only four monthly minimum payments on time after her call to Virgin before she failed to make any payment in December 2022. Her account stayed showing as being in arrears until May 2023. It's unclear why her account no longer showed as being in arrears for four months after then, as it doesn't appear she paid in excess of her minimum monthly payment in any one month. However, her account then returns to showing as being in arrears in September 2023 when again she made no payment.

After making her minimum payment in October 2023, but not clearing any of the amount in arrears, Mrs C failed to make any payment again in November 2023.

By November 2023, Virgin had sent Mrs C at least 12 letters since her call to them. The letters included default notices, missed payment notifications, overlimit and payment required notifications, as well as a notice they wouldn't be issuing her a new card. Virgin received no response to any of these letters.

I think Virgin ought to have stepped in here, done more to help her and taken action on her account sooner than they did, especially considering that Mrs C brought her situation to their attention and that her account management that followed her call gave them much further indication that she was in financial difficulties.

I've thought about Virgin's position with regard to Mrs C's lack of contact, that some responsibility should be placed on her and that they adhered to their processes and policies.

I do agree some responsibility ought to be placed on Mrs C, which is why I agree with our Investigator that November 2023 feels fair and reasonable for Virgin to have stepped, and not earlier.

Had they done, I'm not satisfied Mrs C would have been able to repay the debt owed, I've seen nothing to suggest she would have been in a position to do so. So, I think it's more likely than not the account still would've defaulted. But I think it would've done so sooner and without her debt increasing as a result of further interest and charges being added.

Regarding processes and policies, Financial Conduct Authority guidance requires businesses to adjust their communication methods and suggests written communication alone, if not effective, isn't sufficient.

I think Mrs C's lack of response was a clear indication to Virgin that their letters and emails weren't working here. I've already said why I'm satisfied Virgin's awareness of Mrs C's vulnerabilities was raised, or at least ought to have been, so I think it ought to have done more to support her, acted more proactively, and have tailored their forms of communication.

In summary, I'm upholding Mrs C's complaint and think Virgin should have acted earlier, in November 2023. I'll now explain what I think Virgin must do to put things right.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974 (Section 140A). However, I'm satisfied the redress I've directed below results in fair compensation for Mrs C in the circumstances of her complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

### **Putting things right**

As I think Virgin ought to have taken action on Mrs C's account by 15 November 2023 at the latest, I don't think it's fair for them to have been able to apply any interest or charges to the account after this date.

So, to settle Mrs C's complaint Virgin should do the following:

- Re-work Mrs C's account so that all interest, fees and charges applied from 15 November 2023 onwards are removed.
  - If an outstanding balance remains on Mrs C's account once the adjustments are made, a suitable repayment plan should be arranged, or,
  - If as a result of the adjustments, Mrs C's account is in credit, any extra should be treated as overpayments and refunded directly to her. If the refund of any overpayments results in Mrs C having been denied the use of funds for any time, Virgin should add 8% simple interest per year\* from the date of any overpayment to the date of settlement.

- Virgin should amend the date and amount of the default applied against Mrs C to reflect them having defaulted the account as of 15 November 2023.

As Virgin have sold Mrs C's debt to a third party, it should arrange to either buy back the debt – or – if it can be done without detriment to Mrs C, liaise with the third party to ensure the redress above is carried out promptly.

\*HM Revenue & Customs requires Virgin to take off tax from this interest. Virgin must give Mrs C a certificate showing how much tax it's taken off if she asks for one.

### **My final decision**

My final decision is that I uphold Mrs C's complaint and instruct Clydesdale Bank Plc trading as Virgin Money to settle the complaint as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 17 March 2026.

Sean Pyke-Milne  
**Ombudsman**