

The complaint

Mrs R complains that Clydesdale Bank Plc trading as Virgin Money has treated her unfairly by failing to monitor her credit card account and meet its persistent debt obligations.

What happened

In September 2022 Virgin Money agreed a £7,600 credit card limit. Mrs R argues that from around 2023-2025 her circumstances changed. She says she was only making her minimum repayments and was regularly going over her limit. So, she argues she was struggling financially and Virgin Money should have stepped in to help.

Mrs R says Virgin Money failed in its responsibility to monitor the ongoing usage of the account for signs that she was struggling. In addition, that it failed to adhere to its obligations relating to persistent debt as per CONC 6.7 (“CONC” Consumer Credit Sourcebook in the Financial Conduct Authority’s Handbook). And that it didn’t consider her wider credit reference agency information under CONC 5.2A when reviewing her account usage.

Virgin Money considered her complaint but disagreed. It felt it completed proportionate checks before lending and as a result of these checks it was reasonable to lend. Mrs R has since clarified that she isn’t complaining about the initial lending decision, but about Virgin Money’s lack of monitoring from 2023-2025. Virgin Money responded to this arguing that Mrs R’s account usage never met the definition of persistent debt (under CONC 6.7). It highlighted that she had paid limited interest over the years in question and that her management of the account didn’t suggest she was struggling financially.

One of our investigators considered the complaint and didn’t uphold it. In relation to the account monitoring they didn’t agree Mrs R met the FCA’s definition for persistent debt. They also didn’t think there were signs that Mrs R was struggling financially based on her account usage.

Mrs R didn’t agree and asked for an ombudsman to consider the complaint.

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’m not going to uphold this complaint. I appreciate that this will be disappointing for Mrs R.

I’ve read everything that the parties have said, but I’ll concentrate my comments on what I think is relevant. If I don’t comment on a specific point it’s not because I’ve failed to consider it, but because I don’t think I need to comment in order to reach a fair and reasonable outcome. And our rules allow me to do this. This reflects the nature of our service as a free and informal alternative to the courts.

CONC 6 addresses the post contractual requirements in relation to consumer credit lending.

Therefore, it looks at a firm's obligations after the credit has been agreed. CONC 6.7.27 relates to persistent debt and says a consumer is in persistent debt when they have paid more in interest, fees and charges than they've repaid towards the principal amount owed over the past 18 months.

Where a firm identifies a consumer has been in persistent debt CONC 6.7 requires firms to take action at various points. At 18 months and 27 months of persistent debt, firms should notify the consumer, providing specific information and encouraging them to contact the firm to discuss how to repay the debt. At 36 months of persistent debt the firm is required to send further correspondence. This should again encourage the consumer to repay the balance and provide options for doing so. It should ask the consumer to contact the firm to discuss which option they intend to follow to repay the balance more quickly or confirm if they can't afford to. Should a consumer be unable to afford the options given or if the firm doesn't receive a response, the firm needs to take proactive steps to support a consumer which is likely to include suspending the credit card.

Looking at Mrs R's usage of the account, I agree with Virgin Money and our investigator that she didn't meet the definition of being in persistent debt. Mrs R has clearly repaid more in principal than she has in interest. I'm also mindful that the time between taking out the credit card and raising her complaint was under 36 months. So, she also didn't meet the timeframes for intervention under the persistent debt rules.

In addition, I don't agree that there are clear signs that she is struggling financially and which Virgin Money should have identified, based on how she is managing the account. I've reviewed her account usage and more often than not she repaid more than the contractual minimum repayment. Mrs R has had several occasions where she's made large repayments of several thousand pound to clear or significantly reduce the balance. Whilst I can see a limited number of late payments, the account is quickly brought up to date. I also can't see that she was regularly exceeding her agreed limit. I can only see two more recent examples of this and again the account is quickly brought back under the limit. So, I'm not persuaded that Virgin Money should have intervened in these circumstances.

Mrs R has argued that Virgin Money should have been concerned after she paid lump sums (to clear or reduce her balance) and then quickly went on to start using the credit card again. However, I don't agree that repaying funds and then continuing to use the facility is a sign of financial hardship. Credit cards are running credit accounts, so they work in a way which allows the account holder to do this. This scenario also isn't something the guidance on financial difficulties in CONC suggests firms should recognise as an indication a customer is struggling financially. So, I'm not persuaded there is sufficient evidence to suggest Virgin Media should have recognised that Mrs R was struggling and taken proactive steps. I'm also mindful that Mrs R was free to reduce her agreed limit after she had made repayments if she had wanted to. She also could have contacted Virgin Money for help if she was struggling and I can't see that she did this.

I've noted Mrs R's arguments in relation to CONC 5.2A. Specifically she thinks that this requires firms to continue to monitor the credit file of a credit card account holder and look for signs of financial hardship. However, CONC 5.2A relates to the creditworthiness assessment completed prior to agreeing or extending credit (such as increasing an agreed limit). And whilst I appreciate Mrs R has said she went on to take out further and substantial credit facilities to try to refinance her debt, Virgin Money didn't have an ongoing requirement to monitor her wider financial circumstances in the way she is suggesting.

I'm sorry to hear of her wider circumstances and the impact Mrs R said her debt problems have caused her. However, for the reasons explained, I don't think Virgin Money should have intervened on the account.

My final decision

My final decision is that I don't uphold this complaint against Clydesdale Bank Plc trading as Virgin Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 26 February 2026.

Claire Lisle
Ombudsman