

The complaint

Miss B is unhappy that Clydesdale Bank Plc trading as Virgin Money ('Virgin') registered a default after she entered into a financial hardship plan with them.

What happened

The complaint circumstances are well known to both parties, so I don't intend to list this chronologically and in detail. However, to summarise, Miss B had a credit card account with Virgin. She was in financial difficulties and was unable to meet her minimum payments.

Miss B contacted Virgin on 18 December 2024 to discuss what further support was available to her. A financial hardship plan was discussed - Miss B wouldn't be required to make any payments but arrears would continue to accrue. Virgin also advised Miss B that her account could be defaulted. After giving it some consideration, Miss B agreed to enter the financial hardship plan.

Virgin sent Miss B a default notice on 11 February 2025. In March 2025, they terminated the agreement and registered a default. Miss B complained to Virgin. Virgin said Miss B had been advised of the possibility a default would be registered in the first call on 20 December 2024, but this wasn't reiterated in the second call that day. As an apology for this, they offered her £100 compensation.

Miss B wasn't happy with this response, as she wanted the default to be removed. So, she brought the matter to the Financial Ombudsman Service for investigation.

Our investigator said that Virgin had advised Miss B of the default possibility on 20 December 2024. They also said Virgin corresponded with Miss B about the possibility of a default, at the address they (and we) had on file for her. So, the investigator was satisfied that Miss B had been advised of the possibility of the default, and that the default was applied fairly.

As such, the investigator thought Virgin had acted reasonably and they didn't think Virgin needed to do anything more.

Miss B didn't agree with the investigator's opinion. While she acknowledged she had been advised of the possibility of a default on the call with Virgin, she said that, had this been reiterated *"I would have reconsidered my options or taken steps to prevent a default from being registered."*

Miss B also said the default had impacted her ability to access affordable credit going forward, and she didn't think the £100 compensation adequately addressed the long-term nature of this impact. So, she asked that this matter be passed to an ombudsman 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've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Miss B had a credit card account with Virgin. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

I've listened to the calls where Miss B discussed her financial difficulties and asked what additional support was available.

In a call that took place on 18 December 2024, Virgin confirmed the account was over the credit limit and was three months in arrears. They explained the card could no longer be used and, once the balance had been repaid, the account would be closed. They also explained that the missed payments and over limit were currently being reported to the credit reference agencies.

Miss B confirmed that she was behind with her priority bills (rent/mortgage, council tax, and utility bills), that she was on payment arrangements for these, and that she was unable to afford the minimum payments to Virgin. Virgin updated the income and expenditure figures they had for Miss B, and this showed that her outgoings were more than £2,500 more than her income.

Based on this, Virgin explained the only support they were able to offer was a financial hardship plan, where no payments would be required, but all interest and fees would be frozen. They explained that this would be reported as minimum payments not being made, and that the increasing arrears would "*likely lead to default*" but this would take several months. Once the account was defaulted, it would be sold to a debt collection agency.

Miss B asked about other options but was told this was the only option – as her income was substantially less than her outgoings, she couldn't sustainably support payments to her account. They also said that, if Miss B didn't go on the plan, the outcome would be the same i.e., she wouldn't be able to afford payments, and the arrears would increase resulting in a default – the only difference would be that not going on the plan would mean interest and fees would continue to be charged.

Miss B asked for time to consider her options and said she would call back.

Miss B spoke to Virgin three times on 20 December 2024. In the first call Virgin reviewed the notes and asked Miss B if she'd come to a decision. She offered to pay £50 or £100 a month towards her outstanding balance but was told the minimum payment was £150. When Miss B said she couldn't afford this, Virgin re-explained the hardship plan, including that it would most likely lead to a default. Miss B then confirmed she wanted to go ahead with this plan. Immediately after she agreed to this, the call was disconnected.

Miss B called back and spoke to a different agent. As the notes from the first call hadn't updated on the system, the agent started to go through the process of confirming the income and expenditure again. Miss B didn't want to go through this and asked for the original agent she spoke to to call her back.

This call back took place around 20 minutes later, and the agent confirmed that, in the meantime, the hardship plan she'd requested on the first call that day had now been set up.

On 11 February 2025, Virgin sent Miss B a default notice. This said she would need to pay £770.65 by 11 March, otherwise her account would be terminated and a default registered. Miss B didn't repay the amount requested, so, on 12 March 2025, they wrote to her and advised her the agreement had been terminated and a default registered.

I've seen that both these letters were sent to the address Virgin had on file for Miss B – the same address she had confirmed when passing security on the phone calls in December 2024, and the same address she provided when she raised her complaint with us. I've also noted that this process was exactly what Virgin advised Miss B would happen to her account in the call on 18 December 2024, and the first call on 20 December 2024.

Given the evidence referred to above, I'm satisfied that Miss B was reasonably aware her account would be defaulted. I say this because Virgin advised Miss B of this twice verbally and again in writing. What's more, Miss B agreed to set up the hardship plan in the first call of 20 December 2024 – a call in which the likelihood of default was confirmed to her. While this likelihood wasn't reiterated when Miss B spoke to the agent later that day, I'm satisfied this is irrelevant – the hardship plan had already been set up at this point, at Miss B's request.

Miss B says she didn't receive either the default or termination notice from Virgin. As I've said above, these were sent to what Miss B has confirmed to be her correct address. I haven't seen anything to indicate these letters weren't sent, and I can't hold Virgin accountable for any failure in the postal system. But, again, I don't consider this relevant as Miss B had already been told twice that her account was likely to be defaulted, and I think any reasonable person would expect that not making any payments to a credit card would result in the account being terminated and defaulted.

Miss B has said that, had the default possibility been reiterated in the call that confirmed the hardship plan had been set up following her request to do so, she would've reconsidered her options and taken steps to avoid a default. However, Miss B had confirmed that, even without a payment to Virgin, her monthly income was around £2,500 less than her monthly outgoings, and that she was behind with her priority bills. Therefore, it would not have been reasonable for Virgin to accept any payment arrangement, as, given Miss B's income and expenditure, payments would be neither affordable nor sustainable.

Finally, if Miss B was able to take steps to avoid the default by, for example, borrowing money from family or friends to repay the balance with Virgin, she was still able to do this before or during the hardship plan. Miss B was already aware that her arrears and missed payments were being reported to the credit reference agencies, and, even if just this reporting situation had remained, it would've had an adverse effect on her ongoing ability to obtain further credit.

As such, and while I appreciate this will come as a disappointment to Miss B, I'm satisfied that Virgin have acted fairly and reasonably in the circumstances, and I won't be asking them to do anything more.

My final decision

For the reasons explained, I don't uphold Miss B's complaint about Clydesdale Bank Plc trading as Virgin Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 4 March 2026.

Andrew Burford
Ombudsman