

The complaint

Mr W complains Clydesdale Bank Plc trading as Virgin Money unfairly recorded late payment markers on his credit file.

What happened

On 5 August 2024, Virgin Money charged a £160 annual fee to Mr W's Virgin Atlantic Reward+ credit card account. His statement dated the same day said the minimum payment of £160 was due by 27 August 2024.

Mr W paid £40 towards his account on 15 August 2024, but he has made no further payments since that date.

In early September 2024, Mr W went online on several occasions to try to switch his account to a standard Reward card, which has no annual fee. But these requests were declined.

On 17 September 2025, Virgin Money told him that because it had refunded a late payment fee, he should now be able to switch accounts. That advice was wrong, because arrears still remained on the account that prevented the account from switching. Virgin Money later paid Mr W £50 as compensation for these service failings.

Mr W also said the annual fee should have been refunded because he recalls Virgin Money on earlier occasions telling him it would be once he switched to a standard Reward card. Virgin Money said it had no evidence of that.

This wider dispute was considered by our service in 2025. Our investigator didn't uphold the complaint. But, as a way of resolving matters, and without accepting it had done anything wrong, Virgin Money later agreed to refund the annual fee, bring the balance to zero, close the account and remove the default from Mr W's credit file. Mr W accepted that outcome.

In January 2026, Mr W complained that the late payment markers should also have been removed from his credit file. Virgin Money said it had never agreed to do that and that the late payment markers accurately reflected the missed payments on the account. A second investigator, for broadly the same reasons, didn't uphold this second complaint.

The complaint has now come to me for a decision.

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 should say at the outset that I'm not re-deciding the earlier complaint about the annual fee, the switching process, the removal of the default, or the compensation Virgin Money paid for the communication errors on 17 September 2025. Those matters have already been settled. I've looked at that background only so far as it helps me decide the narrower issue here — whether it would now be fair to require Virgin Money to remove the late payment markers.

I understand why Mr W says they should be removed. He says the core reason for why the annual fee and default marker should be (and were) removed is the same for why the late payment markers should also no longer remain. But I don't agree the outcome he has now proposed follows from Virgin Money's earlier actions.

Firstly, I'm not persuaded the earlier settlement agreement included the removal of the late payment markers. Emails from Virgin Money to our service show it agreed to refund the annual fee, bring the balance to zero, close the account and remove the default from Mr W's credit file. I've not seen anything to show it also agreed to remove the late payment markers.

Secondly, I haven't seen anything from either Virgin Money or the previous investigator to suggest the offer to remove the annual fee and default marker was a result of Virgin Money having done something wrong. Instead, it's clear to me the settlement outcome was the result of a mediated resolution, to pragmatically bring the complaint to a close.

That leaves the question of whether it would now be fair to require Virgin Money to remove the late payment markers. Having regard to both parties' submissions, I don't think it would.

The account terms said Mr W had to pay at least the minimum payment shown on his statement each month. They also said the minimum payment could include the annual card fee. And they said that, if Virgin Money did not receive the minimum payment by the due date, it could apply a late payment charge and let the credit reference agencies (CRAs) know that the minimum payment hadn't been made.

Mr W's statement dated 5 August 2024 said the minimum payment due by 27 August 2024 was £160. He paid £40 on 15 August 2024, but I've seen no evidence he paid the remaining amount or anything further after that date. I can see Mr W then continued to receive his monthly statements, accompanied by letters stating his account was in arrears.

Given the above, it appears the late payment markers are simply an accurate reflection of what had happened on Mr W's account. And I think the starting point here is Virgin Money was entitled to report these late payments to Mr W's credit file.

I've also carefully considered Mr W's further comments about whether the debt was valid. He said it was previously accepted the annual fee, applied on 5 August 2025, had been applied after he had asked for the account to be closed — making the annual fee invalid. And if the annual fee hadn't been charged, his £40 payment on 15 August 2024 would have cleared his balance and prevented the missed payments on his account.

In the alternative, Mr W said he was previously told he could switch the account from a Reward+ to a standard Reward account, and have any annual fee refunded. And on that basis, the annual fee should have been refunded before arrears accrued on the account.

I've not seen enough evidence to persuade me either of those things happened before the annual fee was applied. The first piece of evidence I've seen about Mr W trying to switch the account is from September 2024, after the annual fee had been charged, and after the minimum payment, due on 27 August 2024, had passed.

I appreciate Mr W says there were earlier calls in which Virgin Money said the account would be closed or the annual fee refunded. But I've not seen evidence of those calls. So I'm not persuaded, on balance, that Virgin Money failed to close the account on request, or misled Mr W in a way that caused the late payment markers to arise.

I've also thought carefully about the misinformation Virgin Money accepts it provided in September 2024. I agree Virgin Money should have realised that later attempts to switch the account over would still fail, given there were still arrears on the account. However, by then the 27 August 2024 payment deadline had already passed and the account was already in arrears. So, while that error may have caused confusion and delayed matters, I'm not persuaded it caused the first late payment marker.

I'm also not persuaded the error caused the later missed payment markers. That misinformation did not change the amount outstanding on the account. The balance still had to be paid. And I note that, once Virgin Money later clarified that a switch could not be carried out until the arrears on the account were cleared, Mr W continued to dispute the annual fee and paid nothing further towards his credit card balance.

Taking everything together, I'm satisfied the late payment markers reflected Mr W's actual payment history at the time they were recorded. In the circumstances of this complaint, I don't think it would be fair or reasonable to require Virgin Money to remove them.

If Mr W is still concerned that lenders may interpret his information unfairly, he can contact the CRAs to add a notice of correction to his credit file to explain the circumstances around his missed payments. Lenders would be able to see this notice when reviewing his file.

My final decision

My decision is that I do not 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 13 May 2026.

Alex Watts
Ombudsman