

The complaint

Mr F complained about the way Clydesdale Bank Plc trading as Virgin Money (Virgin Money) administered his credit card account.

What happened

Mr F contacted Virgin Money in May 2025 and asked for support. Virgin Money explained that it could apply breathing space on the account and explained its features including the credit card account being blocked, interest and fees and collection activity being stopped. However, it explained that information about the account history would continue to be reported to the credit reference agencies. It said that the breathing space could be applied for a total of 90 days but would need to be reviewed every 30 days. Mr F agreed to this and Virgin Money asked Mr F to contact it again a month later. However Virgin Money said that if it didn't receive contact, interest and fees could be reapplied and collection activity would resume and the credit card account may be blocked further.

Virgin Money said it didn't receive contact from Mr F. It said it attempted to call Mr F several times but was initially unable to reach him. Once it was able to speak to him it told him that the credit card account would be permanently blocked. Mr F said he wasn't told that this could happen and wanted to complain.

Virgin Money responded to Mr F's complaint and explained that when it contacted him after 30 days of applying the breathing space Mr F explained that his circumstances remained the same and Mr F told it that he was unable to make payment. It explained that when the breathing space was agreed Mr F was informed that the account could be blocked, and it said the decision to permanently block was in line with its terms and conditions. It explained that Mr F missed payments in April, May and June 2025 and he was still required to make monthly contractual payments whilst in breathing space.

Mr F referred his complaint to the Financial Ombudsman. He said he wasn't informed on how the application of the breathing space would impact his credit card account and he wasn't informed of options on how to prevent the account being blocked or the impact on his credit file.

Our investigator looked into the complaint and partially upheld it. The investigator didn't consider that the permanent block on Mr F's credit card account had resulted from the breathing space itself. However, they thought that the letter Virgin Money sent in June 2025 was outside the statutory notices it was required to send and wasn't consistent with what it had previously said about collection activity. The investigator considered that Virgin Money could have managed Mr F's expectations about breathing space more clearly and recommended that it pay Mr F £50 in compensation.

Mr F said he wanted Virgin Money to remove the block on the account. He said he had asked Virgin Money if the breathing space would affect his credit file. He said if he had known the account would be permanently blocked, he would have arranged to make a payment. He also said that Virgin Money was aware that he has dyslexia.

Virgin Money didn't agree with the investigator's recommendation. It said that it sent a letter to Mr F in June 2025 to confirm the change of service, and it took into consideration Mr F's individual circumstances when it agreed to offer support.

As the matter remains unresolved it has been passed to me to decide.

I wrote to Mr F explaining why I didn't think the letter Virgin Money sent to him after the breathing space was agreed was a collections letter, so I didn't think compensation was warranted. I also explained that I listened to the call Mr F made when he asked for assistance. Based on that call, I thought Virgin Money had explained that his credit card account would be blocked, and information would continue to be recorded on his credit file. I referred to the terms and conditions, which state that Virgin Money may block an account where it didn't think a customer could repay.

Mr F responded and in summary said, he had tried to contact Virgin Money but hadn't been able to get through. He said he hadn't been told that breathing space could lead to a permanent block. He also explained that he has dyslexia and requires reasonable adjustments. Mr F said he had understood breathing space to be a form of payment holiday and believed it was intended as temporary support. He said if he had known the account would be permanently blocked, he would have taken alternative action as he had funds available.

I asked Virgin Money to review Mr F's comments and provide its position. Virgin Money said it had no record of Mr F contacting it between 19 May 2025 and 26 June 2025, when it called him. It said the permanent block was not applied because of the breathing space but because of the arrears on the account, and that this action was in line with its terms and conditions.

Virgin Money also said it was only made aware of Mr F's dyslexia in September 2025, after breathing space had been agreed and after the permanent block had already been applied but said its communication with Mr F had been clear.

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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules including the Consumer duty, guidance and standards, codes of practice and (where appropriate) what I consider having been good industry practice at the relevant time.

Where the evidence is incomplete or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

I recognise that Mr F said that he was in between jobs and he was working part time but wanted to take a payment holiday before he started his new job. From the call Mr F had when he asked for space he said that he was managing his priority bills but wanted to discuss his situation with Virgin Money. I'm persuaded that Virgin Money offered support by stopping interest and fees. He was also told of the impact on his credit file and confirmed that the account would be blocked, so I think Virgin Money informed Mr F of the consequences.

I appreciate Mr F said that Virgin Money should've discussed other ways he may have avoided the account being blocked. However, I think prior to discussing Mr F's account in May 2025, he was sent letters to inform him that payment was required to the account. I've also noted that Mr F had already reached the limit on the account, so it was unlikely he was able to spend on the account any further.

Additionally, I've noted the terms and conditions state:

*"16. Can Virgin Money restrict the use of a card or card details or access to my account?
16.1 In some circumstances, we may prevent or limit the use of your card or card details, decline a transaction or transfer whether authorised by you, or a permitted third party provider, or refuse to issue a replacement card, including where: [...] we reasonably consider there is a risk you will not be able to repay us (even when you are paying the Minimum Payment)."*

Although Mr F has said that it was as a result of the breathing space that led to the account being permanently blocked I don't think Virgin Money has acted unfairly. It had already sent Mr F letters to explain that payments had been missed on the account, and it would restrict spending on the account before Mr F contacted it to ask for assistance. It explained that the card would be further blocked if Mr F didn't contact it for a review. Although I appreciate Mr F said that if he had known the card would be permanently blocked he would have made payment, but I think if this was possible Mr F was already informed what would happen if payments weren't received.

I understand Mr F said that he requires clear communication. I've noted that Mr F didn't inform Virgin Money until September 2025 after he had asked for support and after the payments had been missed. So, I don't think this is something Virgin Money was aware of when discussing the breathing space. In any event I think during the call it was agreed Mr F was informed of the continuation of the block and the impact on his credit file. As Mr F had a verbal conversation and Virgin Money confirmed he agreed with what it had explained at the time I'm satisfied Virgin Money had clearly explained what the breathing space included and what might happen if Mr F didn't contact it. While Mr F said he wasn't informed the block could be permanent I think Virgin Money acted in line with the terms and conditions which Mr F had already agreed to.

I don't think the letters sent to Mr F after the breathing space was agreed were related to collection activity. I don't think Virgin Money's decision to permanently block Mr F's account was as a result of the breathing space, so I don't think it needs to do anything more to resolve this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 15 April 2026.

Amina Rashid
Ombudsman