

The complaint

Mrs H complains that Clydesdale Bank Plc trading as Virgin Money ('Virgin Money') aren't reporting her credit card account correctly with the Credit Reference Agencies ('CRAs') and won't agree to write-off her debt.

What happened

The background to this complaint is well-known to all parties. So, I won't cover each and every point here. I'm conscious the complaint has evolved since it was first raised by Mrs H, so I'll set out what I understand the outstanding issues to be, based on Mrs H's response to our investigator's opinion:

- Our investigator upheld Mrs H's irresponsible lending complaint, which Virgin Money accepted. Mrs H didn't accept the redress recommendation and said Virgin Money should be writing off the debt.
- Our investigator was satisfied that Virgin Money were now reporting the correct information to the CRAs and felt the £50 compensation they offered in their final response letter was fair. However, Mrs H sent evidence to show her account isn't being reported correctly and said Virgin Money should consider deleting all adverse information about this credit card account.

Because an agreement couldn't be reached, the 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.

Having done so, I'm partially upholding Mrs H's complaint for broadly the same reasons as our investigator. I know this is likely to be disappointing for Mrs H, so I'll explain the reasons for my decision.

At the outset, I'll say that I know this matter understandably means a great deal to Mrs H. So it's important she knows I have read everything she's said and provided. I haven't, however, commented on everything, especially as some points are no longer in dispute. Instead, I've been deliberately concise here. I don't intend any discourtesy by addressing the matter in that way. Our role is to be informal, and my approach is simply to align with that purpose.

Credit file reporting

Mrs H has provided screenshots showing her account is being reported inconsistently across various CRAs. So, we asked Virgin Money to evidence how they are currently reporting the account and they've shown us they are reporting the same start date, default date and default balance across all three CRAs. They amended some smaller discrepancies but, overall, I'm satisfied they are reporting correct information.

The information Mrs H has provided comes from a third party, rather than directly from one of the three main CRAs. This might explain why she's seeing different information than what Virgin Money are reporting. It's also possible the discrepancies might be coming from the CRAs themselves. But all this means that I'm not persuaded Virgin Money have acted unfairly as they are reporting correct information to the CRAs. I'm also persuaded the £50 compensation they offered is fair in the circumstances.

I appreciate Mrs H's suggestion that Virgin Money should delete any adverse information however Virgin Money is legally obligated to report accurate information to the CRAs. Asking them to delete all adverse information now wouldn't be a fair reflection of Mrs H's account history over the years. And so, I'm not persuaded Virgin Money should delete any information. They should, however, delete it once the balance has been repaid (as set out in the 'putting things right' section further down).

Debt write-off

Virgin Money have accepted our investigator's recommendation to pay Mrs H £200 compensation for the trouble and upset they caused by requesting further information despite knowing her write-off request would be declined. But Mrs H still feels the debt should be written off.

Mrs H initially asked Virgin Money to write off the debt due to her personal circumstances and provided extensive information to support this. More recently, she says it should be written off following our investigator's finding that the lending was unaffordable.

I'd like Mrs H to know I've genuine sympathy for the difficulties she's faced these past few years. But, being impartial means, I must critically think about what a fair and reasonable outcome is.

There is no question in my mind Mrs H qualifies as a vulnerable customer under the Financial Conduct Authority's ('FCA') guidance for dealing with vulnerable customers. And I've seen medical evidence to support this too.

But it's important to explain there are no rules or regulations that require a business such as Virgin Money to write off a debt, including the FCA's guidance on vulnerability Mrs H has referenced. None of this explicitly says Virgin Money must write off someone's debt in specific circumstances.

So, this means it's Virgin Money's choice about whether they should or shouldn't write off someone's debt. What I can consider, however, is whether Virgin Money have done so fairly and reasonably taking into account Mrs H's specific circumstances.

In general terms, I think it's helpful to explain there are certain scenarios where it might be fair for a business to write off a debt, but these are normally in extreme circumstances where someone's financial situation is unlikely to ever improve. In any event, each case should be considered by Virgin Money on its own merit.

Virgin Money have explained their refusal to write off Mrs H's debt is because the medical issues that they were being asked to review, as part of the write-off request, started prior to the credit card being opened. Based on what I've said above, I'm not persuaded these reasons are fair or reasonable. But this doesn't mean Virgin Money should therefore now write off the debt. It should have considered whether Mrs H's circumstances would warrant the debt being written off.

I've thought about what Mrs H told Virgin Money about her situation. She explained she's not been employed since being made redundant in 2023. She also said her medical team have advised she may never be able to return to full-time work. However, she's also said she is planning for recovery and hopes to work in small capacity in the future, although this remains uncertain. Because of this, I'm satisfied it's possible her financial position could potentially improve in the future which means she'd be in a better position to repay this debt.

Mrs H has also told us she owns a house – this could be another possible future option for recovering the outstanding debt.

I appreciate Mrs H may feel differently about all this and there are a lot of uncertainties. But I'm only considering Mrs H's circumstances at the point she made the request to Virgin Money to write off the debt. If Mrs H's circumstances were to unfortunately change for the worse in future, then she'd be entitled to ask Virgin Money to consider her write off request again, taking into account her new circumstances.

Overall, I've not been persuaded that Mrs H's current circumstances mean she shouldn't be required to pay back the debt.

I'm aware Mrs H also believes Virgin Money haven't made a fair decision because other creditors have chosen to write off her debt. But I don't think that automatically means Virgin Money haven't treated her fairly for the reasons I've mentioned above. So, I don't think the other creditors writing off her debt is a justification for this debt to be written off.

Finally, the fact Virgin Money accepted our investigators findings that the lending was unaffordable is also not a valid reason to ask them to write off the debt. Our service has a longstanding approach to redress in irresponsible lending complaints, and I've found no reason in this case to deviate from this. We do not typically instruct lenders to write off capital balances as the borrower has had the use of that money.

I appreciate Mrs H feels very strongly about this matter and I know this isn't the outcome she hoped for. But for the reasons above, I'm not asking Halifax to do anything more than already recommended by our investigator.

Putting things right

Virgin Money should pay Mrs H £250 compensation as detailed above (the £50 they offered in their final response letter (if not paid already) and the £200 for the trouble and upset caused by requesting further information).

As Virgin Money shouldn't have approved the credit card application, I don't think it's fair for them to be able to charge any interest or charges under the credit agreement. But I do think Mrs H should pay back the capital she borrowed. Therefore, Virgin Money should:

- Rework the account to remove all interest, fees, charges and insurances (not already refunded) that have been applied.
- If the rework results in a credit balance, this should be paid to Mrs H with the addition of simple interest at 8% per year* from the date of each overpayment to the date of settlement.
- If, after the rework, there is still an outstanding balance, arrange an affordable payment plan with Mrs H for the remaining amount.
- Once Mrs H has cleared the balance, arrange for any adverse information relating to this account to be removed from her credit file.

*HM Revenue & Customs may require Virgin Money to take off tax from this interest. If they do, Virgin Money must give Mrs H a certificate showing how much tax they've taken off if she asks for one.

I've considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed above results in fair compensation for Mrs H 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.

My final decision

For the reasons I've explained, I'm partially upholding Mrs H's complaint and direct Clydesdale Bank Plc trading as Virgin Money to put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 15 May 2026.

Amelie Makris
Ombudsman