

The complaint

Mr A complains that Clydesdale Bank Plc trading as Virgin Money (“Virgin”) treated him unfairly when it defaulted his account.

Mr A wants Virgin to remove the negative information it has reported about him and refund the interest it has charged.

What happened

Mr A has a Virgin credit card account. He says that he had to leave the UK for a year due to personal reasons. Mr A says he made Virgin aware of this before he left, so was unhappy to find that it had applied charges to his account and reported negative information to the credit reference agencies (CRAs).

Mr A says that when he returned to the UK, he explained his personal and financial difficulties to Virgin. Despite this, Virgin defaulted his account.

Our investigator didn’t uphold Mr A’s complaint. In summary our investigator set out details of the terms and conditions of Mr A’s Virgin credit card account. Our investigator said he was satisfied that Virgin had done enough to make Mr A aware of when his promotional rate was going to end. He also thought that Virgin had tried to contact Mr A many times.

Our investigator didn’t think that Virgin made a mistake when it started to charge interest on Mr A’s account in line with its terms. Our investigator also thought that it wasn’t unfair for Virgin to report missed payments to the CRAs.

Our investigator thought that Virgin responded fairly to Mr A’s financial difficulties when it gave him breathing space.

Mr A disagreed with the investigation outcome. He said he holds credit accounts with three other banks which are fully up to date. Mr A said this demonstrated that he was a committed and responsible person. Mr A said that the issues with Virgin arose due to extreme and unexpected circumstances rather than a lack of responsibility on his part.

Mr A explained the exceedingly difficult personal circumstances he found himself in when he had to take his family abroad. Mr A said he didn’t have any income or permanent housing. Internet access was disrupted, and he couldn’t receive calls from the UK. Mr A said that he informed Virgin several times about the bereavements he had suffered, his communication difficulties and extreme hardship. He didn’t think that Virgin treated him in line with the regulatory requirements laid down by the Financial Conduct Authority (FCA), including the Consumer Duty.

Mr A said he had never claimed Virgin failed to send him emails or statements. Rather that Virgin was aware he couldn’t receive any communications due to the situation he faced overseas. Mr A was unhappy that Virgin didn’t pause or freeze interest on his account earlier.

Mr A said that he offered full repayment immediately on his return to the UK and that the arrears only accumulated because he couldn't receive any communication while outside the UK. In the circumstances, Mr A didn't think it fair that Virgin reported the default.

Mr A said that Virgin unfairly rejected his offer to repay the balance in full by borrowing from friends. Mr A said that the default will negatively impact him and his family for years. He wants Virgin to remove the default and refund the interest and charges it applied once the promotional period ended.

Our investigator responded to the points which Mr A raised to say that his view hadn't changed. Our investigator asked Mr A for any evidence he had of when he left and returned to the UK, and that before doing so, he explained his circumstances to Virgin. Our investigator also invited Mr A to supply evidence that Virgin had rejected his payment offer.

As Mr A remained unhappy with the investigation outcome, his complaint came to me to decide. As I received additional information from Virgin which I wanted to refer to as part of my decision, I issued a provisional decision on 10 February 2026, which said:

I realise that I have summarised this complaint in less detail than the parties and that I have done so using my own words. The rules which govern us, together with the informal nature of our service allow me to take this approach. But this doesn't mean I have not read and considered everything the parties have given to us. If I don't mention something, it won't be because I have ignored it. It will be because I didn't think it was material to the outcome of this complaint.

I should first say that I am sorry to learn of the difficulties which Mr A has been facing. But having considered his complaint, I am not upholding it and will explain why. Because I have been given additional evidence by Virgin, I have issued a provisional decision to allow the parties time to respond before I make my final decision.

I appreciate that Mr A says he wasn't aware that his promotional rate was going to end in mid-January 2025. But I am satisfied that Virgin included this information on each of the credit card statements it sent to Mr A. Under the heading "Your interest explained" is a box headed "Promotional interest rates and expiry dates" which said the promotional rate would end on 13 January 2025. The statement also made it clear that it would charge the current standard interest rate once the promotional rate ended. Virgin's records show that it sent Mr A an email on 5 October 2024 which updated him about the promotional rate. Virgin then sent a further email to Mr A on 1 January 2025 telling him about the end of the promotional rate. So, I can't fairly say that Virgin didn't inform Mr A about the end of his promotional rate.

If Mr A wanted to avoid paying the standard interest rate, it was up to him to clear the balance before the promotional rate ended. As the promotional offer of 0% interest had ended, I don't think it was unreasonable for Virgin to apply the standard rate of interest to Mr A's balance.

Virgin's customer notes show that it had a live chat with Mr A on 21 February 2025. I have read the transcript of the chat. Mr A told Virgin that he always pays the minimum payment on time but that he experienced difficulties making the payment due to issues with Virgin's app. As far as I am aware, Mr A didn't complain about the payment issues with the app, so I don't refer to them as part of this complaint. But from reading the chat, it doesn't appear that Mr A could clear the full outstanding balance before the due date. So, regardless of any issues with the app, Virgin would still have gone on to apply interest to his account.

Mr A said he would try to pay it in full before the due date, but he didn't go on to do this. Although Mr A mentioned during the live chat in February 2025 that he was abroad, he didn't say that this meant it was difficult to communicate with Virgin. Mr A didn't mention any of the personal difficulties he was having either. So, Virgin couldn't have been aware of these in early 2025.

As Mr A didn't make any payments towards the outstanding balance, Virgin instructed a debt collection business to try and make contact. I am satisfied that the debt collector made several unsuccessful attempts to call Mr A in April 2025. As Virgin didn't receive any payments, it was reasonable to report the arrears on Mr A's account to the CRAs.

In early May 2025, Mr A contacted Virgin about the arrears on his account. I have read the live chat transcript dated 7 May 2025. Mr A explained that he had lost his job and was facing a living expense rise. The transcript shows that Virgin told Mr A that he could seek help from its specialist support team. When Mr A said he was abroad and so couldn't call the number Virgin gave to him, it offered to call him back. It also signposted him to a section on the website for further support. Overall, I am satisfied that Virgin responded fairly to Mr A at the time.

Mr A wanted Virgin to remove the interest it had applied and not report the arrears to the CRAs if he offered to clear the balance on the card. As Virgin had not made a mistake when it applied the interest to Mr A's account and as the reporting of the arrears was factually correct, I don't consider it acted unfairly when it wouldn't agree to these terms. This doesn't mean Virgin refused to allow Mr A to clear the balance – I thought I should make this clear.

I have listened to a recording of a call which Mr A had with Virgin on 13 May 2025. I can hear that he gives Virgin his postal and email addresses. Mr A explains that he has recently been bereaved and that he will need to go abroad again to support his remaining parent. Mr A says he wants more time to make the payment and confirms he is okay speaking with Virgin and managing his account. At this point, Mr A says he is applying for jobs and hopes to be in a better financial position in two to three months.

I don't seek to downplay the difficult situation which Mr A found himself in, but when considering whether Virgin responded fairly, I take account of the rules which the FCA sets for businesses to follow when collecting debts. The FCA expects businesses to treat people in financial difficulties fairly and with "forbearance and due consideration." And businesses must take additional safeguards if they are aware of a customer's vulnerability. The FCA handbook sets out examples of treating a customer with forbearance and due consideration. These include:

- Suspending, reducing, waiving, or cancelling further interest or charges.
- Accepting no payments or token payments for a reasonable period of time where the customer can show they otherwise wouldn't be able to pay their priority debts.
- Agreeing a repayment arrangement which allows the customer a reasonable period of time to repay the debt.

My understanding is that after speaking with Mr A about his financial problems, Virgin agreed to suspend interest and charges on his account. I think this was a fair response. But as Mr A didn't then resume payments on his account after the

breathing space ended, I don't find Virgin was wrong to apply the default. Particularly as there is nothing in the FCA guidance which prevents a business from reporting negative information to the CRAs just because it is aware that its customer is facing personal or financial difficulties.

I would not expect a business such as Virgin to allow arrears on an account to build up indefinitely without reporting this. The ICO guidance says that if a customer falls into arrears – as happened with Mr A – a default may be recorded to show that the relationship between customer and lender has broken down. The general rule is that this can happen once a customer is three months in arrears and normally by the time they are six months in arrears. By the time Virgin defaulted Mr A's account in October 2025 – he hadn't made a payment for more than nine months. I realise that Mr A says this was due to exceptional circumstances, but this doesn't make the default factually incorrect or unfair.

I am sorry to disappoint Mr A but for the reasons I have outlined above, I don't find there was any failure on the part of Virgin to act in line with the guidance set down by the FCA, including any obligations placed on it by the Consumer Duty. As I don't find Virgin treated Mr A unfairly, I don't require it to take any action in response to his complaint.

Further submissions

Virgin didn't reply to my provisional decision, but Mr A did. He didn't agree with the proposed outcome and made several comments in response. Mr A says he faced exceptional circumstances at the time when he failed to make any payments. Rather than constituting ordinary financial difficulties, Mr A says they were significant life events which fall within the FCA's definition of customer vulnerability.

Mr A says that under the FCA's Consumer Duty and vulnerability guidance, firms such as Virgin must take proactive steps to deliver good outcomes for vulnerable customers. Mr A says that a default is not a fair outcome for him.

Mr A points out that he never intended to not repay the outstanding balance and even offered to do so by borrowing from friends.

Mr A says he actively tried to resolve things with Virgin through chats, phone calls, a visit to a branch and by offering repayment solutions. Mr A wants Virgin to provide call recordings and transcripts which would show he made repeated attempts to explain his situation and arrange repayment.

Mr A wants me to consider a partial remedy which could include reconsidering or adjusting the default date or adjusting interest and charges.

Mr A has provided further evidence including death certificates, travel documents, and correspondence.

Overall, Mr A would like to see a more balanced outcome in line with the FCA guidance on fair treatment and proportionality.

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.

After considering Mr A's response to my provisional decision, I wrote to both parties to say that I was minded to require Virgin to backdate the default to when Mr A's account was six months in arrears. Mr A didn't reply but Virgin responded to say that that the April 2025 statement showed Mr A's account in arrears for the first time. So, the default date of 9 October 2025 was correctly reported. I disagree with this analysis and will explain why below.

First, I apologise that in my provisional decision I overlooked the fact that Mr A made his minimum payments in January and February 2025. So, his account wasn't in arrears for nine months as I originally thought. However, having looked at Mr A's credit card statements, Virgin first referred to the arrears on his account in a statement dated 20 March 2025. Mr A missed a payment due by 12 March 2025. So, by September 2025, his account had been in arrears for six months.

The ICO sets out that it is good practice for lenders to default a customer's account when they are in at least three months' worth of arrears and no more than six months' worth of arrears. Although Virgin gave Mr A breathing space to try and get his account back on track, I consider it would've been fair to default the account by the time it was six months in arrears. Strictly speaking this would have been in September 2025. However, as Mr A made his last payment on 8 February 2025, I consider the fair way to put things right is for Virgin to backdate the default to six months after this payment. This means Virgin should backdate the default to 8 August 2025. I don't require Virgin to do anything else in response to Mr A's complaint for the reasons set out below.

I want to reassure Mr A that I believe him when he says he never intended to not repay the outstanding balance. I can also see that Mr A found himself in difficult circumstances due to the loss of his parents, which in turn led him to be out of the country for an extended period. However, when thinking about the outcome to his complaint, I need to focus on Virgin's actions and whether it responded appropriately to the difficulties Mr A was facing.

As I said in my provisional decision, I am satisfied that Virgin took reasonable steps to make Mr A aware that his promotional rate was ending. I realise that Mr A would like me to ask Virgin for more evidence of the discussions he had, but it has already supplied the contact notes it holds for his account, together with call recordings and call transcripts. So, I don't consider it necessary to ask Virgin to supply further evidence.

Based on the records it has given to us, it looks as though the first time Mr A contacted Virgin about the interest it had applied was in February 2025. From reading the transcript of the chat he had at the time, Mr A doesn't refer to him having made contact previously. So, it still seems more likely to me that Mr A first contacted Virgin about the interest it applied to his account after his promotional rate had ended. As I don't have evidence that Virgin heard from Mr A before the end of the promotional period and as he didn't repay the balance in full before the promotional period ended, I don't consider it was unfair to apply the relevant interest to his account. So, for the same reasons I outlined in my provisional decision, I don't consider Virgin acted unfairly when it said it would not refund the interest it had applied to Mr A's account.

I don't think that the fact of being out of the country was a reason for Virgin to suspend all recovery activity on Mr A's account. As I said in my provisional decision, I don't have enough evidence to conclude that Virgin was aware of Mr A's personal difficulties until May 2025. So, I can't fairly find that it should have been doing anything differently to support him in early 2025.

By the time Mr A spoke with Virgin in May 2025, he hadn't made a payment towards the outstanding balance for a few months. Although he offered to borrow money from relatives to

clear the balance, Mr A made the offer on the basis that Virgin refund interest and charges and remove any negative information it had reported about him. I don't think Virgin was at fault for not agreeing to do this. However, I do consider it responded fairly to Mr A's difficulties when it agreed breathing space going forward.

Even though Virgin didn't agree to remove the late payment entries and/or refund interest it was still open to Mr A to clear the outstanding balance and therefore avoid the subsequent default. But as he didn't clear the outstanding balance or make a payment, I don't consider it was unreasonable for Virgin to default his account given the length of time he'd been in arrears. And I don't consider that Virgin's obligations under the Consumer Duty extend to it not reporting a default when an account has fallen into arrears. This is not to say I don't appreciate that the default will negatively impact Mr A's overall credit worthiness; but this doesn't mean that Virgin's treatment of him was unreasonable or contrary to any of its regulatory obligations. I'm very aware that Mr A will be disappointed in this outcome.

As I consider that Virgin treated Mr A fairly overall, I am not ordering it to compensate him even though I have asked it to amend the default date if he accepts my decision.

Putting things right

Virgin should backdate the default to 8 August 2025.

My final decision

My final decision is that I partially uphold this complaint and require Clydesdale Bank Plc trading as Virgin Money to carry out the action in the 'Putting things right' section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 12 May 2026.

Gemma Bowen
Ombudsman