

complaint

Mr Z complains that Virgin Money plc hasn't applied rewards to his credit card account correctly.

background

Mr Z opened a credit card account with Virgin Money in June 2018. The account came with certain rewards which included the chance to earn airline miles. After opening the account, Mr Z received a welcome bonus of 15,000 miles. After that, he could earn 6,000 miles a month for the first three months provided he spent at least £1,000 each month on the card.

Mr Z says he spent the required amount on the card for the first three months. But his account hasn't been credited with the number of air miles he was expecting. He hasn't received the bonus 6,000 air miles for the second period even though he believes he met the minimum spend.

Mr Z complained to Virgin Money who said that he hadn't met the required spend in the second qualifying period. This was because he received some refunds to the account during that period, which they say took his actual spend to below £1,000.

Mr Z didn't think that was fair so he brought his complaint to this service. He says he spent more than £1,000 in each qualifying period. And he doesn't think it's fair that the refunds have affected the spend calculation, particularly as he had no control over when the retailer would refund those sums. When our adjudicator looked into it, she thought Virgin Money had applied the bonus miles correctly. But Mr Z remained unhappy with the situation and asked for his complaint to be reviewed by an ombudsman.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr Z has provided the email he received inviting him to take part in the bonus miles offer. It says: *"As well as your 15,000 mile welcome bonus (earned when you make your first purchase within 90 days of opening the account), you'll also get the opportunity to earn an extra 6,000 miles a month in each of the next three months. You just need to spend a minimum of £1,000 each month on your card to qualify**"*.

The email contains a link to *"all of the detailed information you need"*. It also sets out further details about how the bonus miles are calculated and applied. As this is at the heart of the complaint, I've set out the relevant wording from the email below.

"In addition to the standard mileage earn rate and the standard mileage welcome bonus for the Virgin Atlantic Reward and Reward+ Credit Cards, you will earn bonus Flying Club miles in each qualifying period when you spend at least the required spend. Your personalised email sets out the amount of bonus Flying Club miles that you are eligible to receive. There are three qualifying periods. The first qualifying period starts on 18 June 2018 and continues until the end of your first full statement period after that date. The second and third qualifying periods last for your next two full statement periods respectively. For example, if your account opens on 18 June and your credit card statement date is the seventh of the month your qualifying periods would be:

<i>First qualifying period</i>	<i>18 June 2018 to 6 August 2018</i>
<i>Second qualifying period</i>	<i>7 August 2018 to 6 September 2018</i>
<i>Third qualifying period</i>	<i>7 September 2018 to 6 October 2018</i>

“The required spend is shown in your personalised email. In order to work out whether you have spent the required spend in a qualifying period, we will take the amount of card purchases made by you and your additional cardholder(s) and deduct any refunds you have received in the same qualifying period. Balance transfers, money transfers, cash advances (including cash based transactions such as gambling), any spending in excess of your credit limit and returned card purchases are not included in the required spend”.

So, although the main body of the email suggests the qualifying period is the first three months the account is open, the detail at the bottom of the same email explains that the overall qualifying period might be more than three months. This is because the first qualifying period could be longer than a calendar month, depending on what day of the month the account was opened and what the customer's statement date is.

Mr Z opened his account on 3 June 2018 and his statement date is the fourth day of each month. The offer only ran from 18 June (as confirmed in the email). So Mr Z's qualifying periods were as follows:

1. 18 June – 3 August 2018;
2. 4 August – 3 September 2018;
3. 4 September – 3 October 2018.

Virgin Money say he met the required spend in periods 1 and 3. The bonus miles for period 1 were credited on his September statement. The bonus miles for period 3 were credited on his November statement. But, due to the refunds to his account during period 2, Mr Z fell short of the required spend in that period.

The text at the bottom of the offer email makes it clear that any refunds will be taken into account when calculating the required spend in a qualifying period. I understand Mr Z's frustration that he had purchased items in July but the retailer didn't refund his account until August. So the refund fell into the following statement period on his credit card account. If the refund had happened more quickly, it could have fallen within the same statement period as the initial purchase. That would have meant he met the required spend in all of the qualifying periods. I can sympathise with Mr Z's point of view here, as he had no control over the time it would take for the retailer to make the refund. But Virgin Money had no control over that either.

Mr Z says that the wording of the offer email is ambiguous on this point. But I don't agree. I think it's clear that, when Virgin Money look at each qualifying period, they look at the purchases and then deduct any refunds received in that window of time. So for Mr Z's qualifying period 2, they would look at all purchases made between 4 August and 3 September and then deduct any refunds received in that period. So I don't think the way Virgin Money have calculated the required spend is wrong.

I also think they have applied the bonus miles to the account correctly. The miles show on the statements after the qualifying period in which they were earned. That's in line with the terms and conditions, which say that the miles will be shown on the next credit card statement.

Mr Z is unhappy that he has missed the required spend in period 2 by just a few pounds. He points out that he exceeded the required spend in periods 1 and 3. But the terms of the offer are quite clear that the required spend is £1,000 in each qualifying period. They don't say anything about credit being given for additional spending in other months. So I can't conclude that Virgin Money have acted unfairly here.

I realise this will be disappointing to Mr Z, but I don't think Virgin Money have done anything wrong. So I'm not going to ask them to do anything here.

my final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 24 May 2019.

Katy Kidd
ombudsman