

complaint

Mr H complains Virgin Money plc acted irresponsibly when it allowed him to withdraw large sums of money from his credit card account to deposit at online gambling websites. Mr H is also thinks Virgin Money's cash advance fee for gambling deposits is too high.

background

Mr H used his credit card to make a number of payments to online gambling sites between March and August 2016. He complained to Virgin Money in September 2016 as he thought the cash advance fee of 5% was too high. Mr H asked Virgin Money to refund the fees.

Virgin Money wouldn't agree to refund the cash advance fees. But it arranged for the credit services team to speak with Mr H and suggested he contact a free debt advice service if he was struggling financially. It also waived interest charges for one month.

When Mr H complained to this service about the cash advance fees, he also said Virgin Money acted irresponsibly when it didn't ask him why he was using his card to make so many deposits to online gambling websites.

Our adjudicator didn't recommend that Mr H's complaint be upheld. He considered Mr H should've been aware of the cash advance fee. And he couldn't see that Mr H had told Virgin Money that he had a gambling problem. Our adjudicator was satisfied Virgin Money responded reasonably when Mr H told it he was struggling.

Mr H wasn't happy with our adjudicator's recommendation. He didn't think we'd dealt with the fact Virgin Money lent him money over a few months purely to gamble. Given the level of spending – over £13,000 – Mr H felt Virgin Money should've known he had a gambling problem.

Our adjudicator explained to Mr H that this service isn't a regulator – that's the role of the Financial Conduct Authority (FCA). As Mr H managed his credit card account well, he couldn't see Virgin Money should've had reason to question or block the gambling transactions.

my findings

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 agree with the conclusions of our adjudicator.

I'm sorry to hear about the difficulties Mr H faces. I can appreciate this is a very stressful time for him. But as our adjudicator has already explained, this service is an informal dispute resolution service. So I need to look at what, if any, mistakes Virgin Money has made. And if it's made any mistakes, I will look at whether Virgin Money should do more to put them right.

cash advance fee

I agree that Virgin Money's terms say there is a fee for cash advances and that this includes gambling transactions. I appreciate Mr H considers the charge to be high but I can't ask Virgin Money to reduce it.

irresponsible lending to gamble

I am sympathetic to Mr H's point of view that Virgin Money was irresponsible to lend him money that he used specifically for gambling. In total over about a five month period, Mr H deposited more than £13,000 with online gambling sites.

Mr H thinks Virgin Money should've questioned or blocked some of the gambling transactions but in Mr H's case, I don't agree. Virgin Money doesn't routinely block a transaction unless it suspects it might be fraudulent. In Mr H's case, he authorised the gambling transactions, so I consider it reasonable of Virgin Money to assume he wanted them to go ahead.

Mr H seems to have managed his credit card account well during the five month period in 2016. He incurred one over the limit fee in August 2016 but none in the months before that. Mr H often paid significantly more than his required minimum repayment each month during the five month period. As Mr H was managing his account well and within the credit limit, I can't say Virgin Money should've done something to stop certain transactions.

Mr H didn't tell Virgin Money that he had a gambling problem until he complained in late September 2016. Once he did this, I'm satisfied Virgin Money responded sympathetically and reasonably. It suggested places he could seek debt help. It sent him an income and expenditure form to complete and waived interest charges for a month.

If Mr H is still struggling and hasn't done so already, I strongly suggest he approaches some of the free debt advice agencies for further help.

Mr H told us that some other credit card companies will block online gambling transactions. Although I accept this might be the case, it doesn't mean that I must find Virgin Money should've done the same thing. If Mr H remains concerned about Virgin Money's approach to customers who use their credit cards to make online gambling deposits, he can of course approach the FCA.

my final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 22 March 2017.

Gemma Bowen
ombudsman