

The complaint

Miss A has complained about the way Clydesdale Bank Plc trading as Virgin Money administered her credit card account.

What happened

Miss A has complained that Virgin Money didn't notify her a direct debit wasn't collected to pay her credit card in November 2022. She says this led to a missed payment being recorded on her credit file. It looks like Miss A contacted Virgin Money in December 2022 as it had tried to speak to her. She made the payment to clear the arrears and complained she'd not been told about the missed payment, and she questioned why Virgin Money didn't try to take the payment again. The agent said Miss A would have been notified on the app. Miss A said she had the app but wasn't using it as she wasn't actively using the card at that point.

Virgin Money sent a final response letter in December 2022 saying it didn't uphold her complaint. It said Miss A's bank had been unable to honour the direct debit. It said this usually happens because of a lack of funds but Miss A would need to speak to her bank to check. Moreover, it said it let Miss A know about the missed payment on the statement produced following it. It said it had not made an error with regard to the missed payment. And it said reporting the missed payment to the credit reference agencies was accurate.

Miss A wasn't happy and referred her complaint to our service to consider. She's also mentioned Virgin Money didn't tell her an interest free period on her credit card was ending. One of our investigator's looked into the complaint but didn't make any recommendations. He said the statement dated 21 November 2022 informed Miss A the agreement was in arrears. He also said the consequence of missing the payment was explained to Miss A on the statement. So he thought Virgin Money had notified Miss A about the arrears and the implications of this. Our investigator also said the missed payment had no impact on Miss A's interest free period. He said the interest free period for purchases ended on 15 October 2022 and for balance transfers on 21 October 2022. This was before the payment was missed.

Our investigator said if Miss A is unhappy about the notification of the interest free periods ending, she'd need to take this up with Virgin Money in the first instance because it hadn't had the chance to respond to that particular complaint. Finally, he said unless Miss A's bank had made an error in paying the direct debit, he couldn't recommend the credit file is amended.

Miss A responded to say she wasn't notified about the missed payment until her credit file had already been impacted. She said at the time she was going through financial difficulties and that she was under a lot of pressure. She said she understands Virgin Money may not have the resources to contact all customers in the same situation but why did it contact her in December to explain what had happened. Miss A explained she had no other returned direct debits until this time. And that Virgin Money could have tried to take the payment again. She asks why she wasn't notified by text message as well. She also wanted to reiterate she didn't use the Virgin Money app at that time. She had no statements from it or

any other notification. She also says she wasn't told if a payment was missed, she was able to make the payment on the app. She says this hasn't been addressed by Virgin Money.

As things weren't resolved, the complaint has been passed to me to make a decision.

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.

Miss A has complained about how Virgin Money administered her regulated credit card agreement. Our service is able to deal with complaints about these sorts of agreements.

As a starting point, like our investigator pointed out, I wanted to highlight that this decision is relating to the complaint points that Virgin Money has had the opportunity to consider. Having looked at the evidence, the complaint points initially raised I can see it considered relate to the notification of the missed payment, and the impact of it not being made. So this is what I will focus on. If Miss A is unhappy about anything else, she'd need to take this up with Virgin Money in the first instance, so it has the chance to respond. If she's unhappy with its response it may be something our service is able to consider for her.

I've first reviewed what Virgin Money's terms and conditions say about statements. These say:

8.1 Each month there is a payment into or out of your account or there is a payment due on your account, we will let you know that there is a free statement which you can view and download in the app. If you have also requested a free paper statement we will post it to you.

8.2 You are responsible for checking your statement each month. You must tell us straight away if:

- > you do not receive a statement when you expect one.*
- > you are not able to access your statement.*
- > you think something on your statement is wrong.*

8.3 We may get in touch about your account using any contact details we hold for you.

So while I appreciate Miss A says she didn't receive notification of the missed payment, Virgin Money has shown us a copy of the statement that refers to the missed payment. Miss A had the option to request a free paper statement. Virgin Money has said at application stage customers are informed the account will be set up for e-billing. And that each month a statement is issued online, it emails customers to inform them. It's shown us an email delivery report which indicates it emailed Miss A on 22 November 2022 with a subject *Your Virgin Money Credit Card statement*. So, based on the evidence, it looks like Virgin Money did what it said it would do.

In any event, Miss A was directed to contact Virgin Money if she didn't receive a statement when she expected one. So I can't see Virgin Money has acted unfairly here, or not acted in line with the terms of the credit card account. Moreover, I think there's some responsibility on Miss A to make sure her payments are made.

With regards to what happened when the payment was missed, Virgin Money's terms and conditions say:

11.1 If we do not receive the Minimum Payment by the payment date,

*we will apply the late payment default charge set out in our Tariff.
We will also let Credit Reference Agencies know you have not
paid and this could make it more difficult for you to get credit.
If you continue to miss payments, we may apply for a court order
(an inhibition order if you are based in Scotland) to enforce
payment of the total balance, for example, from your income
or the sale of your property (which may include your home).
Alternatively, we may sell the debt and the buyer may follow a
similar process to recover the amount you owe.*

Having considered this, I've not seen anything that says Virgin Money was required to contact Miss A by other means when it didn't receive the payment as expected. While I appreciate certain other organisations may do this, I've not got the grounds to say Virgin Money hasn't done something it agreed to. Moreover, I've not seen anything to suggest Virgin Money would seek to take the payment again (again, like some other organisations might do). So I can't say it's acted unfairly here either. Although I can understand why Miss A was disappointed.

Ultimately, based on what I've seen, I'm sorry to see there's been a missed payment recorded. I think Miss A genuinely didn't realise until it was too late. But I have to bear in mind Virgin Money has issued the statements in line with what it said it would do in its terms and conditions. It tried to take the payment using the direct debit, but this wasn't successful. Miss A hasn't said this was down to an error with her bank either, so I presume the funds weren't available. I've not got sufficient evidence Virgin Money was required to make further attempts to speak to Miss A, or to try to take the payment again. So I don't find I have the grounds to say Virgin Money has acted unfairly, or that it needs to remove the missed payment from Miss A's credit file. While I can understand why she's unhappy, and that she tells us she's not had any other issues with making payments, Virgin Money is required to report accurate information to the credit reference agencies and the missed payment is accurate. So based on what I've seen, I'm not going to direct it to take any further action

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 Miss A to accept or reject my decision before 10 October 2023.

Simon Wingfield
Ombudsman