

The complaint

Mr R complains that Clydesdale Bank Plc trading as Virgin Money removed his promotional offer, terminated his account, and passed it to a Debt Management Company (DMC).

What happened

Mr R says that Virgin Money removed his promotional interest rate and moved him to the higher standard interest rate when he was late with a payment. He let them know in March 2020 that he was having financial difficulties, but they ended up terminating his account, registering a default, and passing it to a DMC. He said Virgin Money treat different customers differently. Mr R made a complaint to Virgin Money.

Virgin Money did not uphold Mr R's complaint. They said his promotional rate of interest (0%) was removed following missed payments from him. When Mr R called them on 30 March 2020, they explained they couldn't reinstate the offer. As Mr R informed them that the payments were unaffordable, they completed an income and expenditure form, and on review, he qualified for hardship. They confirmed he did not incur any interest and charges from April 2020 to when they sold the debt to the DMC on 6 July 2020, as they froze them following his hardship. They said the amount they sent to the DMC was £3,317.62 as per his July 2020 statement. Mr R brought his complaint to our service.

Our investigator did not uphold Mr R's complaint. She said Virgin Money had the right to withdraw his promotional rate should the minimum payment requirement not be met. She said we would expect Virgin Money to review each consumers situation independently, conducting reviews with each consumer to tailor a support plan that suits them, which can result in different outcomes with different consumers. Our investigator said that Virgin Money acted in line with the terms and conditions by passing the account to a DMC. Mr R asked for an ombudsman to review his complaint.

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.

Firstly, I'm aware that I've only summarised Mr R's complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I must make Mr R aware that I can only focus on the actions of Virgin Money here, and not any other business that may be involved, such as the DMC. I can only address the original points he made in his complaint, and not any subsequent points he may have raised. This is because if he has any further complaint points which weren't part of his original complaint, then he would need to raise these with Virgin Money directly first.

I've looked into Mr R's promotional interest rate being removed for the last time. I can see that Mr R made his payment successfully on his July 2019 statement, and this statement shows he still has the 0% promotional interest rate (after this had been reinstated due to a previous complaint he made). The statement is clear that they would collect £59.36 by direct debit on 13 August 2019. But Mr R's August 2019 statement shows that they could not collect the direct debit on 13 August 2019 and this was reversed. I can see that Mr R made a payment three days later, but as this was after his contractual payment date, he lost the promotional interest rate.

Mr R's July 2019 statement clearly states *"If we do not receive the Minimum Payment when it is due or you go over your credit limit, we will withdraw the promotional rate with effect from the start of that statement period"*. So as the payment was not received when it was due, Virgin Money acted in line with the statement by removing the promotional interest rate. And while they may have previously reinstated this under similar circumstances, they are not obliged to keep doing so when Mr R had not adhered to them receiving the payment by the due date. So I can't say Virgin Money made an error in removing the promotional rate of interest.

From Mr R's credit card statements after his August 2019 statement (September 2019 onwards), his next payment was on 11 October 2019, but this didn't clear the arrears on the account as his previous direct debit had also been returned unpaid. So I can't say that Virgin Money were unfair in not reinstating the promotional interest rate when he had missed the due date and missed a payment altogether the following month.

I've considered what Mr R has said about letting Virgin Money know about his financial difficulty. Here, we would expect Virgin Money to look at Mr R's individual circumstances, and this is how different customers may have different outcomes to telling Virgin Money they are in financial difficulty. We would not expect them to have the same outcome for each customer as this could lead to unfair outcomes. I can see from their system notes that Mr R contacted Virgin Money on 18 February 2020.

The notes show that Mr R offered to pay Virgin Money between £50-£60 a month. They show that after they completed Mr R's income and expenditure, this showed he had surplus income of £542. And this is why a plan wasn't set up for Mr R as it would appear he could afford the repayments. So no payment plan was offered. I can't say Virgin Money were unfair here, as it would be reasonable for him to meet his monthly repayments in full if he had the affordability to do so, which the income and expenditure details he gave them suggested he did.

Virgin Money then sent Mr R a notice of default dated 25 February 2020. This set out he was required to pay £485.61 by 24 March 2020. It shows if he did not take this action before this date then they intended to take action. Amongst this action, this included terminating his account, and registering a default with the credit reference agencies. They sent him another notice of default on 25 March which gave him until 22 April 2020 to pay the arrears of £537.63, or they would intend to take the same action as the previous notice of default letter.

Mr R phoned Virgin Money on 30 March 2020. I've listened to this call to hear what was discussed. Mr R says he wanted to set up an arrangement, and he acknowledges he should have been making payments to the account. The call handler took Mr R through an income and expenditure form. She told Mr R that he qualified for a hardship arrangement, where interest and fees would be suppressed. As Mr R's disposable income was showing as a minus then they couldn't set up an arrangement. She explained his account would default and his debt would be managed by another company, and not Virgin Money. She says the hardship arrangement would not show on his credit file as an arrangement. Mr R asks how

much he owes, and she tells him £3,392.62, and Mr R confirms he will take the arrangement.

Mr R was then sent a letter from Virgin Money on the following day confirming that *“Having fully reviewed your financial circumstances, the amount you are able to pay is not enough for us to set up a formal payment arrangement. However, we understand you are experiencing financial difficulties and whilst this continues we will not be applying further interest and charges to your account”*. He was then sent a letter terminating the account dated 25 April 2020 which informed him the default would be registered on his credit file.

Virgin Money wrote to Mr R in a letter dated 29 July 2020 that his account was moving to a DMC. The terms and conditions that Mr R forwarded to our service shows that they are able to take this action. So while I’m sorry to hear about Mr R’s financial difficulties, Virgin Money were unable to set up a repayment plan ultimately as Mr R’s income was less than his outgoings in March 2020. This suggests he wouldn’t have been able to afford any payment regardless of whether interest was charged or not. But when Mr R explained his circumstances in March 2020, Virgin Money acted with forbearance, and they stopped the interest and charges and took actions which they fully informed Mr R about. So it follows I don’t require Virgin Money to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr R to accept or reject my decision before 2 January 2024.

Gregory Sloanes
Ombudsman