

The complaint

Mr S complains that Clydesdale Bank Plc trading as Virgin Money (Virgin) prevented him from earning the air miles that he was entitled to. Mr S is unhappy that he couldn't complete his purchase using his Virgin credit card and had to borrow elsewhere.

Mr S wants Virgin to credit the correct number of air miles to his account and pay him compensation.

What happened

Mr S wanted to buy a vehicle with his Virgin credit card. His intention was to transfer money to the credit card so that he could complete the purchase and earn air miles.

Mr S was unhappy to find that the transactions kept being referred to the Virgin card centre. When he spoke to Virgin it told him that even if he brought his balance back to nil, he wouldn't be able to use the credit card to make another purchase until the next day. Virgin also told Mr S that he could only earn airmiles up to his credit limit.

Virgin agrees that it didn't inform Mr S about a change in his credit card terms which meant he could only earn air miles up to his credit card limit. Virgin says it awarded the airmiles Mr S would have received had he spent £60,000 on the card and paid £100 compensation to apologise.

The investigator thought that Virgin had done enough to put things right for Mr S, but Mr S disagrees. He points out that the cost of his vehicle was over £80,000 not £60,000 so Virgin should credit him with additional airmiles. Mr S also said that the airmiles and £100 compensation hadn't yet appeared on his credit card account.

Virgin wouldn't agree to pay additional compensation or airmiles. The investigator still thought Virgin's offer was reasonable in the circumstances.

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.

I'm sorry to disappoint Mr S but overall, I consider Virgin has already done enough to put things right. I appreciate the vehicle cost more than £60,000 but Virgin's notes indicate that Mr S intended to put £60,000 on his credit card. So, this is the figure Virgin used when it upheld Mr S's complaint.

I understand that part of the reason why Mr S didn't use his Virgin credit card to pay the entire cost was because Virgin told him that he could only earn miles up to his credit limit. But Virgin also has a daily transaction limit of £25,000 which restricts the amount a customer can spend on the account in any 24 hour period. Although this was frustrating for Mr S, I don't think Virgin was at fault for preventing further transactions when he was going to exceed the daily limit.

The daily transaction limits mean that even if Mr S had tried to put the entire cost on his Virgin credit card, he would have had to split the payments over several days. This may not have been feasible and Mr S might always have had to use another payment method for at least part of the cost. Finally, from looking at the invoice Mr S has provided, part of the purchase cost was met through a part exchange. Again, it seems likely this would've reduced the amount that Mr S spent on his Virgin credit card.

I consider Virgin's offer to apply a total of 1.5 Virgin points for each £1 of his anticipated £60,000 spend together with £100 compensation is a fair way to resolve Mr S's complaint. This means Mr S would receive a total of 90,000 air miles – significantly more than his £18,000 credit limit would allow under the terms of his account. As Virgin has already applied some air miles after Mr S used his card to make a partial payment, Virgin should apply the remaining air miles balance which it has calculated to be 66,842 air miles.

Mr S says that as he didn't go ahead with the entire vehicle purchase on his credit card, he had to use other funds and that this has deprived him of the interest he'd have otherwise earned on the money. Virgin has already said that it would consider this aspect of Mr S's complaint if he provides evidence of his loss. I consider this is fair and leave it with Mr S to provide this evidence to Virgin if he chooses.

My final decision

My final decision is that Virgin has already made an offer which I think is reasonable. If it hasn't done so already, Clydesdale Bank Plc trading as Virgin Money should credit Mr S's account with a total of 90,000 air miles (taking account of any air miles that had already accrued for the vehicle purchase) and pay £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 10 August 2023.

Gemma Bowen
Ombudsman