

The complaint

Mr S complains that Clydesdale Bank Plc trading as Virgin Money (Virgin) didn't close his account.

What happened

Mr S called Virgin on 8 April 2019 and said he wanted to close his account. The limit was £24,500 and the balance then was zero. On 9 April 2019, a refund of £5.60 was credited to the account. The account then remained open with a credit balance of £5.60, and the limit stayed in place - until Mr S complained in August 2022.

Mr S said he was clear that he wanted the account closed when he called Virgin in April 2019. He couldn't see why Virgin hadn't sent him the balance of £5.60 rather than leaving it in the account. It was only in July 2022 when he noticed. Until that time, the credit limit had been reported to the credit reference agencies. He said this led to his being declined for two credit applications – as his credit rating was affected. He said Virgin should pay compensation for the error. He said there should be an investigation as to whether there is a systemic problem at Virgin and if so, they should pay a hefty penalty.

Virgin said the credit balance was because of a refund – after the account was closed on 8 April 2019. They said the reporting to the credit reference agencies continued as a result. But Virgin sent Mr S statements after April 2019, so he could've seen the credit balance and called Virgin to have it repaid. Virgin said it was reasonable that Mr S checked his statements when they were sent. They sent the balance of £5.60 to Mr S.

Mr S brought his complaint to us. Our investigator said statements had been sent to Mr S since April 2019, so he could see what had happened. For that reason, she said compensation shouldn't be paid, but said that Virgin should amend Mr S' credit file to show the account was closed in April 2019.

Mr S asked that an ombudsman look at his complaint. He said the outcome was fair, but three years too late.

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 listened to the call from Mr S to Virgin on 8 April 2019. He clearly said several times that he wanted the account to be closed. Virgin's call handler confirmed it would be closed that day. The balance was then zero.

But I can see that what then happened was the day after (9 April 2019), a refund of £5.60 was credited to the account, and so that remained in place – with the limit of £24,500 – until Mr S contacted Virgin again in July 2022. So on one hand, I think it's reasonable to say that Virgin should've realised that the balance of £5.60 should've been returned to him and then closed the account after taking the balance back to zero.

But on the other hand, Virgin have shown us that they sent paper statements to Mr S' address each month from April 2019. And made electronic statements available to him from then until January 2021 (when they stopped for all customers). They showed us they sent email reminders to Mr S each month reminding him to view his statements. Mr S told us he did receive some statements. So, I think it's reasonable to expect Mr S to have seen the statements and taken some action – by calling Virgin.

Mr S says he was declined credit twice because his credit file was showing the Virgin credit card with a limit of £24,500. But I can't conclude that Mr S was declined credit solely because of this issue. To do so, we would need to see clear evidence that an application was declined for that sole reason only – and I've not seen that information. So – I set that aside.

Because Mr S could see his account by way of statements, I think it's fair to say he could've taken action – and therefore I agree that compensation isn't appropriate here. But – because Virgin should've closed his account in April 2019, I agree that a fair solution is for Virgin to amend Mr S' credit file to show the account was closed in April 2019.

Mr S has said that Virgin should be investigated for what may be a systemic problem. On this point - we are an informal dispute resolution service which seeks to come to fair decisions where there is a complaint from a consumer about a financial business, based on the individual circumstances of it. Our role isn't to 'punish' or investigate firms. Nor are we the regulator of Virgin – that's the role of the Financial Conduct Authority (FCA).

My final decision

I uphold this complaint. Clydesdale Bank Plc trading as Virgin Money must:

- Amend Mr S' credit file to show his account was closed in April 2019 and the limit then cancelled.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 September 2023.

Martin Lord
Ombudsman