

The complaint

Mr W complains that Clydesdale Bank Plc trading as Virgin Money has unfairly charged him overdraft fees which are unaffordable.

What happened

Mr W says Virgin Money has made unfair overdraft charges which are unaffordable, and which have caused difficulties. He would like the charges refunded and interest paid on that refund. Mr W says his personal circumstances have not been considered by Virgin Money.

Virgin Money says the charges were correctly applied in line with the account terms and conditions.

Mr W brought his complaint to us, and our investigator didn't uphold the complaint. The investigator thought the overdraft charges were correctly applied in line with account terms and conditions and that there wasn't any evidence of financial difficulties Virgin Money ought to have noticed or considered.

Mr W doesn't accept that view.

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.

Having done so I have come to the overall view that I don't uphold this complaint. I appreciate Mr W will be disappointed by my decision.

I make clear to Mr W that I can't consider the amount of the overdraft fees charged and that it's up to a business when exercising its commercial judgement to make such decisions.

I have looked carefully at Mr W's account terms and conditions which I am satisfied he would have agreed to when the account was first opened. Those terms and conditions make clear that Virgin Money will make a charge if there isn't enough money in an account to pay for example a direct debit. Having looked at Mr W's account statements and the letters Virgin Money sent him, I am satisfied that on occasions there wasn't enough money in Mr W's account to make payments. So, I don't think Virgin Money made a mistake or acted unfairly by applying the charge it said it would in the terms and conditions in those circumstances.

I appreciate Mr W says that is unfair, but I have made clear that he agreed to that charge. And that it would be irresponsible of Virgin Money to allow an overdraft to build up which is the alternative to stopping a payment, which may have caused Mr W greater financial difficulties.

I appreciate Mr W says Virgin Money should have noticed his position. But I can't see that the account statements or Mr W's management of his account could have reasonably led Virgin Money to conclude Mr W was in financial difficulties due to the limited number of charges applied and payments refused.

Overall, I don't think Virgin Money acted unfairly or made a mistake by applying the charges and so I can't fairly order it to refund them as Mr W would like. I have read about Mr W's personal circumstances but I can't see that Virgin Money could have acted differently here or that the charges could have been avoided.

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 Mr W to accept or reject my decision before 18 November 2023.

David Singh
Ombudsman