

## **The complaint**

Mr A complains that Clydesdale Bank Plc trading as Virgin Money (VM) didn't do more to help him when he struggled with the interest charges being applied to his credit card account.

## **What happened**

In March 2020 Mr A opened a credit card account with VM that was interest free for a set period. After 11 May 2022 the credit card began to accrue interest. Mr A said he asked VM for help as the additional interest charges meant he would struggle to maintain his payments. He said he called VM several times but didn't get the help he asked for and he was met with rudeness. He also said a promised call back wasn't made. He complained to VM.

VM said they'd listened to the calls and hadn't found any rudeness. They said their agents had tried to help Mr A. They also said the interest had been applied to Mr A's account correctly. But they acknowledged that Mr A had been inconvenienced when one of his calls couldn't progress because their security procedures hadn't been followed properly. They offered Mr A £25 as a gesture of good will for this.

Mr A wasn't happy with VM's response and referred his complaint to us.

Our investigator said VM had acted in line with the account's terms and conditions. But their customer service had failed when Mr A wasn't called back as promised. Our investigator said that VM had put things right by apologising and offering Mr A £25.

Mr A didn't agree. He said VM hadn't helped him despite him saying several times that he was struggling to meet his repayment commitments. And that they should have done more.

Our investigator explained that Mr A appeared to be managing his account well and that there wasn't any evidence that he was struggling to meet his minimum payments.

Mr A disagreed, he said VM hadn't offered him any assistance in helping to meet his commitments unlike his other bank. He asked for an ombudsman to decide.

## **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 understand my decision will disappoint Mr A but for me to ask VM to do something differently I must find that they have acted unfairly and unreasonably and having looked at the evidence provided I don't think they have. I'll explain why.

I can understand Mr A's frustration. And I sympathise with the situation he found himself in. I can see that he tried to prevent his account falling behind in his payments by proactively seeking help from VM before it reached this position. Mr A said he not only contacted VM but also his other bank for help. Mr A says VM didn't do as much as the other bank to help

him as they still applied interest and charges to his account – even when he was paying off the balance.

So I've looked at how VM responded to Mr A's circumstances.

Mr A opened his credit card account with VM in March 2020 as there was a promotional rate of 0% interest on balance transfers. Mr A carried out a balance transfer of £5,022 in March 2020 and there was an administration fee of £72.82. The promotional rate ended in May 2022.

When Mr A took out the credit card account VM sent him their terms and conditions. These said:

*"We will not charge interest on Card Purchases and related fees, as long as you pay the balance shown on your statement (excluding any instalment plans and transfers on a promotional rate) by the payment date. Otherwise, we will charge interest each day on all transactions and related fees, on unpaid interest and on any other amounts, from the date they are added to your account until you pay them off in Full."*

So this is why, when the introductory rate expired, Mr A was charged interest on his credit card balance. There wasn't any interest applied initially when he didn't pay his statement balance in full. But when Mr A's promotional interest rate ended, he was charged interest on any outstanding balance and subsequent purchases. So, Mr A would have always been charged interest – in line with the credit agreement - that he agreed to when opening the account when he didn't pay the statement balance in full. I can see VM provided Mr A with sufficient documentation that made clear that interest would be applied if there was an outstanding balance at the end of the promotional period – May 2022.

It was from June 2022 that Mr A started to contact VM about the interest being charged. I can see that when Mr A contacted VM in June 2022 they agreed to waive the interest charge for that month as Mr A was concerned about exceeding his credit limit. He was also advised to get back in touch if he was experiencing financial difficulties.

The relevant guidance for a lender when a consumer tells them they are struggling to meet their financial commitments is CONC chapter 7, which says lenders should have clear effective and appropriate arrears policies and how they should treat consumers who are in default or arrears. I've seen Mr A's credit card statements from May 2022 until March 2023 and these show that he was making the minimum repayments. And the account wasn't in arrears or default. Mr A did on occasion exceed his credit limit but each time he brought the account back within its limits.

Mr A has said he'd made it very clear when he asked for help that the interest being applied was causing him financial difficulty. I've listened to the calls and in one call Mr A says that it's not about being unable to make the minimum payment, it's that the interest being applied to the account was too high. And he wanted VM to freeze the interest being applied to the account. And in a later call VM checked with their specialist team as to the help that they could offer Mr A, but as confirmed with Mr A, the crux of his call was about the rate of interest that was being applied to the account rather than his inability to meet his credit commitments. And that Mr A was told that they couldn't change the rate of interest being applied.

I do acknowledge Mr A's strength of feeling on this matter. He's made it clear he believes the interest rate VM charges on his account is too high. But as I've explained, I can't find that VM did anything wrong here or treated Mr A unfairly. VM are entitled to decide the interest rate they charge. That is a commercial decision, and not one this service is able to influence.

I can see Mr A received monthly credit card statements which showed how the interest on his account was charged, the interest rate and an explanation of the interest rates applied. So, I'm satisfied VM made it clear to Mr A what interest would be charged and from when. And that VM acted in line with the credit agreement that Mr A agreed to here.

I can also see that VM has looked to assist Mr A when he has contacted them. But as our investigator found they didn't provide a call back after they said they would. VM has offered Mr A £25 compensation for their poor customer service which I agree with our investigator is a fair outcome to Mr A's complaint.

### **My final decision**

As I think Clydesdale Bank Plc trading as Virgin Money have put things right, I won't ask them to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 7 January 2024.

Anne Scarr  
**Ombudsman**