

The complaint

Mr H complains that Clydesdale Bank Plc trading as Virgin Money incorrectly allocated his payments.

What happened

Mr H says he set up a payment plan on his credit card account which he paid by direct debit each month for about £140. He says on 13 September 2022 he bought an item for just over £1,000 and on 23 September paid £570 towards that purchase followed by £529 on 6 October 2022. Mr H says Virgin Money incorrectly allocated those payments towards his payment plan rather than the new purchase on 13 September 2022. He says as a result he has been charged interest and caused stress. Mr H says he called Virgin Money about the problem and says he was told the problem could be fixed if he accepted his mistake. He says that is unfair and was not at fault. Mr H would like the problem sorted out and compensation.

Virgin Money says it apologises for the length of time Mr H spent on the telephone to it and has paid £50 for that part of the complaint. It says it didn't make a mistake about the allocation of payments and says it acted in line with account terms and conditions. Virgin Money says Mr H made the payments before the statement was issued.

Mr H brought his complaint to us, and our investigator didn't uphold the complaint. The investigator thought Virgin Money had acted in line with agreed account terms and conditions. The investigator thought the compensation offer appropriate for that part of the complaint.

Mr H doesn't accept that view and says Virgin Money's offer to sort out the problem was bribery. He says the terms and conditions are flawed.

Virgin Money has provided the call recordings.

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 have looked carefully at the account terms and conditions which I'm satisfied Mr H would have agreed to when the account was opened. I have also looked at the account statements which Mr H would have seen each month. Both contain detailed information about payment allocation. The terms and conditions make clear the order in which Virgin Money will allocate payments. In this case I'm satisfied that Mr H made a payment towards what he believed was his purchase on 13 September 2022 but at that stage his statement hadn't been produced nor was he required to pay for that item at that stage.

In summary I'm satisfied Mr H made his payment too soon and Virgin Money couldn't have

known what his intention was in paying it the money. I'm also satisfied that Virgin Money acted in those circumstances in line with agreed account terms and conditions by correctly allocating the payment. It follows that I don't think Virgin Money has made a mistake or acted unfairly here and the mistake was made by Mr H in making a payment in advance of the statement being produced. I make clear to Mr H that most if not all credit card providers operate on the same basis.

I have listed carefully to the telephone calls between the parties and appreciate Mr H's frustration with the call wait times. I can see that Virgin Money has paid what I think is a fair and reasonable compensation amount of £50 for that part of the complaint. I appreciate that is not the main part of the complaint.

I'm satisfied that Mr H was told during one of the calls what the issue was. And I'm satisfied Virgin Money offered fairly to reallocate the payments, but Mr H clearly said he "was not accepting that" as he believed he hadn't made a mistake. So, I think Virgin Money as a gesture of goodwill fairly offered to correct the issue but ultimately it was up to Mr H to accept that offer which he clearly rejected. I don't think that offer amounted to bribery as Mr H suggests and think he made clear he thought the fault was Virgin Money's and not his.

Overall, I'm satisfied Virgin Money acted in line with agreed account terms and conditions and so I can't fairly order it to reallocate payments or pay further compensation to Mr H.

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 H to accept or reject my decision before 14 October 2023.

David Singh
Ombudsman