

The complaint

Mr A is unhappy about charges on his credit card account with Clydesdale Bank Plc trading as Virgin Money (Virgin). Mr A had a discussion with Virgin about clearing his balance and wasn't made aware of any interest charge needing to be applied. Mr A said when these charges were applied it caused problems that meant he was unable to get a mortgage.

What happened

Mr A spoke to Virgin to discuss clearing the small outstanding balance on his credit card account. But it didn't inform him during this conversation that if he did clear the balance there would be a small further charge as some interest would be applied. When Mr A complained about this Virgin accepted Mr A should have been informed that interest was going to be applied to his account the following month. But that didn't happen. Mr A said this led to him missing out on a mortgage and caused him distress and inconvenience. Mr A said this also meant he had the extra expense of having to use a mortgage broker. Virgin didn't agree to pay this cost. To try and resolve the matter Virgin offered £50 compensation. Mr A didn't accept this and brought his complaint to this service.

Our investigator didn't uphold the complaint. He said Mr A had been sent letters and statements showing there was a need to make a payment. Our investigator said Virgin had followed a fair process to allow Mr A to clear the outstanding amount. He noted Mr A had ended up getting the original mortgage he applied for, so he accepted Virgin's point that it didn't need to pay for the mortgage broker. Our investigator accepted Virgin did act to remove Mr A's late payment marker and had made this clear to Mr A. He said the £50 offer for Mr A's distress and inconvenience was reasonable.

Mr A didn't accept this and asked for his complaint to be passed to an ombudsman for a final decision.

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.

Virgin said Mr A had pointed out he had a zero balance on his account by the end of March 2023. But the suggestion was because his account wasn't closed that brought about a "*residual interest charge*". Mr A said this charge impacted on his credit file and stopped him getting a mortgage. Mr A wanted to know why his zero balance had changed.

Virgin said it made Mr A aware in May that he needed to clear the outstanding balance. Mr A did this but wasn't advised of the residual interest that was due to be applied. There was an issue with a late fee from March that on three occasions was meant to be reversed and this would have added to Mr A's confusion. Mr A assumed there was a credit balance on his account and wanted this to be returned to him.

To put things right Virgin said it would amend Mr A's credit file records for July, it would close the account, it would feedback to the internal colleagues that had made the errors and

offered Mr A £50 for his distress and inconvenience. Virgin said in the final response letter that the credit reference agency would be updated about the removal of the marker on Mr A's credit file at the end of the month.

Mr A said if Virgin hadn't made the mistakes he wouldn't have encountered the difficulties he did in getting a mortgage. Mr A said the bank wouldn't continue with his mortgage application because of the impact on his credit score. Mr A contacted a broker who said they could help get a mortgage with bad credit. This broker charged him a large fee and then said Mr A would have to wait for the amendment from Virgin to go through on his credit file.

I can understand Mr A's wish to arrange a mortgage and accept that he found his stress added to due to Virgin's actions. But Virgin did provide statements and details to show what was outstanding. Virgin accepted it had made making mistakes and did act to remove fees and the credit file marker.

I understand why Mr A would like Virgin to pay for the mortgage broker fees but it does seem that the mortgage lender, like other lenders, still had to wait until the credit file had been updated. It appears Mr A chose to approach the broker and I can't hold Virgin responsible for that. Virgin had been clear that it would update his credit file and when it would do this.

I think based on the details Virgin acted reasonably when it apologised, updated the credit file, removed the fees, and offered £50 compensation for the distress and inconvenience caused. If it hasn't yet paid this amount to Mr A it should arrange to do so.

My final decision

I don't uphold this complaint.

I make no further award against Clydesdale Bank Plc trading as Virgin Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 2 January 2024.

John Quinlan
Ombudsman