

The complaint

Mr M has complained about the handling of a credit to his bank account with Clydesdale Bank Plc (trading as Virgin Money) which he states caused the account to go overdrawn, and the subsequent customer service he received.

What happened

Mr M has explained that on 10 August 2023, two payments of £36.78 and £25.32 that were being credited to him were shown as being pending in his account. However, these amounts then disappeared. Mr M used his debit card and made an ATM withdrawal on 10 August, and because the two payments had dropped off his account, he went overdrawn. Mr M has highlighted that he has no agreed overdraft on the account.

The bank statement shows that the amounts of £36.78 and £25.32 were credited to the account on 24 August. Mr M says that when he spoke to the merchant who was sending the payments to him, it informed him that the delay was a result of a problem with the card provider. Mr M says that this situation caused him worry, stress and inconvenience.

Mr M rang Virgin Money on 18 August to complain about what had happened, but his call was disconnected when being transferred, and he did not receive a call back. This meant that Mr M had to call again and repeat his explanation about why he was complaining.

Virgin Money responded that it did not have any evidence to show that there was a problem with the card provider that had resulted in the payments showing as pending in the account and then disappearing. It considered the payments were credited to the account on 24 August when the merchant completed the refund process. Virgin Money also said that whilst Mr M had been in an unarranged overdraft from 14 to 20 August, no charges for this had been incurred in the charging period to 31 August.

In terms of the problems Mr M had experienced when calling the bank on 18 August, Virgin Money accepted that its customer service had not been good, and it made a payment of £30 to Mr M to reflect distress and inconvenience caused.

Unhappy with Virgin Money's response, Mr M brought a complaint to this service. He commented that the reason he went overdrawn was because the two credit payments disappeared from his account, having previously been shown. He said that if he had not initially seen these funds, he would not have made the debit card transactions and ATM withdrawal that he did. Mr M also highlighted that he had incurred charges for going overdrawn, and he remained unhappy with Virgin Money's customer service.

Our investigator did not uphold this complaint, concluding that Virgin Money had not been at fault in this matter. He said that pending transactions do not make up the available account balance until they are credited/debited. His view was that in this case, the pending transactions disappeared because the merchant had not completed the refund process. Once this was done, the payments showed as being credited. The investigator considered that Virgin Money had followed the card provider's process for credit authorisations. He also

felt the compensation offered was appropriate for the disconnected phone call and failure of Virgin Money to call back on 18 August.

Mr M disagreed with the investigator's findings. He said that the merchant's comments to him that the card provider had had issues with processing refunds had not been investigated. In his view, this was why the payments had taken so long to be credited.

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.

Mr M has explained the difficulties he was caused as a result of his account going overdrawn, and I acknowledge his comments that he used his debit card and made an ATM withdrawal because he understood the two pending transactions would shortly be credited to his account. However, Virgin Money has stated that these amounts disappeared from the account whilst awaiting completion of the refund process by the merchant.

Mr M says that the merchant told him that the credit amounts had been delayed due to a processing problem with the card provider. Virgin Money states that there were no reported incidents relating to such problems with the card provider at this time. On the balance of evidence provided, my view is that it is more likely than not that the reason for the pending transactions disappearing, and then not appearing as credits until 24 August, was because this reflected when the merchant had completed the refund process. My view is that it has not been shown that Virgin Money was at fault in this matter.

In terms of charges caused by the account going overdrawn, Mr M has highlighted that these were in fact incurred. I note that Virgin Money stated in its complaint response that it had not made any unarranged overdraft charges up to 31 August. However, when forwarding its submissions to this service, it confirmed that on 27 September a fee of £4 was applied for the unauthorised overdraft. Whilst I note this was the case, it doesn't change my view regarding what happened with the crediting of the two transactions in question.

Virgin Money accepts that its customer service should have been better when Mr M called to raise his concerns about the transactions. Taking into account what happened, I consider the £30 compensation payment made by Virgin Money was reasonable in the circumstances.

I appreciate that Mr M is likely to be disappointed with my findings. However, based on the submissions made, my conclusion is that Virgin Money acted appropriately with regard to the two transactions in question, and I do not consider that it should be required to take any further action in this matter.

My final decision

My final decision is that I do not uphold this complaint, and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 March 2024.

John Swain
Ombudsman