

The complaint

Mr J complains that Clydesdale Bank Plc trading as Virgin Money failed to arrange a payment plan and defaulted his account.

What happened

Mr J held a credit card account with Virgin Money. He says that in July 2023 he called Virgin Money to arrange a payment plan. The agent who spoke to Mr J recommended a payment plan of £145 per month. Mr J was hesitant to agree to this as he wasn't sure whether he could afford it with all his other bills. Mr J says the agent told him to make his next payment as usual and to call back in August to make sure the payment plan had been set up. Mr J says he called back in August and was advised that there was no payment plan in place and that his account had been defaulted.

Mr J complained to Virgin Money. Virgin Money investigated. It couldn't locate any calls from Mr J in July 2023 but located a call in June 2023. It said no payment plan had been set up during that call. It said the agent had made Mr J aware during the call that if payments weren't made to bring the account up to date, the account would default. Virgin Money said it had sent Mr J letters about the status of his account warning him that a failure to bring the arrears up to date would lead to a termination of the agreement. It said the agreement had been terminated on 27 July 2023 and a default had been applied. Virgin Money said it was unable to remove the default as it had been correctly applied. Virgin Money acknowledged that it could've provided better service to Mr J and credited his account with £50.

Mr J remained unhappy and complained to this service.

Our investigator didn't uphold the complaint. They said that having listened to the call, they were satisfied that the agent had explained that Mr J would need to call back to arrange the payment plan and that the account was at risk of defaulting.

Mr J didn't agree. He said the agent hadn't given him a timeframe within which to call back, which he felt was unfair and misleading.

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've listened to the call recording dated 16 June 2023. Mr J told the agent that he wanted to set up a payment plan and offered to pay £100 per month. The agent explained to Mr J that to bring the account back up to date he would need to pay £145 per month for 6 months. Mr J said he didn't know whether he could do that. The agent advised Mr J to pay the monthly payment and set up the payment arrangement the following month. The agent also advised Mr J that there were 5 missed payments and that he might receive a notice of default letter because that was the stage that the account was at. The agent advised Mr J that he might get calls about the arrears and a letter stating when the account would default.

I appreciate that Mr J wanted to set up a payment plan. However, having listened to the call dated 16 June 2023, I'm satisfied that no payment plan was set up at this time. I'm also satisfied that the agent explained to Mr J that the account was going to be defaulted because of the missed payments.

Mr J has said that he wasn't given a timescale within which to call back and set up a payment plan. Having listened to the call, I'm satisfied that Mr J was asked to call back "the following month" – which would be July 2023. I haven't seen any evidence to suggest that Mr J contacted Virgin Money in July 2023.

Taking everything into account, I'm unable to say that Virgin Money has treated Mr J unfairly, or that it has made an error by defaulting the account. I'm unable to ask Virgin Money to remove the default because it's been correctly applied.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 15 May 2024.

Emma Davy
Ombudsman