

The complaint

Mr H complains that Clydesdale Bank Plc trading as Virgin Money mis-sold him a credit card.

Mr H wants Virgin Money to pay additional compensation and refund the annual fee.

What happened

Mr H opened a credit card account with Virgin Money in 2024. When he used Virgin Money's website to apply for the card, he saw a rewards points calculator which gave an estimate of how many points he could earn.

Mr H understood that if he spent £3,500 each month, he would receive 63,000 points each month. But Virgin Money says the figure of 63,000 points was meant to refer to the number of points he would receive annually if he spent £3,500 each month.

After Mr H complained to Virgin Money it agreed that the calculator was misleading and that it should have clarified that if he spent £3,500 each month, a total of 63,000 points would be earned annually rather than monthly.

To apologise, Virgin Money credited Mr H's account with two lots of 63,000 points. It also credited over 55,000 points to reflect the information on the calculator about the points he would receive if he spent £3,061 during the second month.

Virgin Money said that if Mr H pays the balance on his card in full and closes the account, it will refund the annual fee of £160 as a gesture of goodwill. It is not willing to refund the annual fee otherwise as Mr H has already earned and received other benefits as part of using the credit card.

Our investigator didn't ask Virgin Money to take further action. She noted that the terms of Mr H's account say that he would receive 1.5 points for every £1 spent on the card. Although the calculator said "if you spend £3,500 a month you'll earn 63,000 Virgin points" our investigator thought Mr H had enough information to understand that Virgin Money had calculated the 63,000 points total over 12 months rather than on a monthly basis. So, she didn't think it fair to require Virgin Money to credit his account with more points than it already had.

Our investigator thought Virgin Money's offer to refund the annual fee if Mr H stops using the card and closes his account was fair.

Mr H disagrees with the investigation outcome. He says the calculator on the website gave the points figure for a monthly spend, not an annual one. Mr H says that due to his dyslexia, he cannot easily work out that spending £3,500 each month would equate to less than 63,000 points each month – this is why he relied on the calculator provided by Virgin Money.

Mr H thinks that Virgin Money should credit his account with 27,000 points for the remaining double points that he has missed out on.

As Mr H disagrees with the investigation outcome, the complaint has come to me to make 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.

I am sorry to disappoint Mr H but I agree with our investigator that Virgin Money does not need to do anything else in response to his complaint.

The terms of Mr H's account say that he will earn 1.5 reward points for every £1 spent on everyday purchases and 3 reward points for every £1 spent directly with Virgin Atlantic or Virgin Holidays. Mr H received 15,000 bonus points for opening and making a purchase within 90 days of opening the account. And he was eligible for double points on the first £5,000 spent before mid-April 2024.

Virgin Money has credited Mr H's account with 126,000 points for the first month he spent £3,5000. This is to reflect the double points offer based on the 63,000 points he thought he would earn according to the calculator. Virgin Money has also credited a further 55,098 for his next month's spend of £3,061.00.

I appreciate Mr H says he would not have spent a further £3,060.91 since his March statement if he had known the points figure on the calculator was calculated annually rather than monthly. But Mr H still had the benefit of the purchases he made using his Virgin Money credit card. I can understand it was disappointing not to receive the level of points that he expected, but this was a loss of expectation rather than a direct financial loss for which Virgin Money should pay further compensation.

Mr H would like Virgin Money to pay a further 27,000 points to reflect the £1,500 remaining of the £5,000 double points offer but I don't consider it reasonable to require it to do this. Mr H has already received over 181,000 points (excluding the 15,000 points he received for making a purchase within 90 days). According to the terms of the credit card account, he should only have received around 17,300 points for the same amount of spending (which includes the double points offer on the first £5,000 spent but excludes the 15,000 account points awarded for making a purchase within 90 days). I consider Virgin Money's award of points to be a more than fair way to apologise for any confusion that the calculator may have caused.

Although Mr H would like Virgin Money to refund the annual fee, I don't require it to do this if he wants to continue using the credit card. I say this as Mr H will still benefit from earning points and will have access to the other benefits included as part of the account. For all of this, it's fair that a fee is payable in line with the terms of the account.

I am satisfied that by offering to refund the annual fee if he stops using the credit card and closes the account, Virgin Money would put Mr H back in the position he would have been had he never opened the account. I think this is a fair offer. So, I leave it with Mr H to decide whether he wants to close the account and accept Virgin Money's offer of a refund.

Overall, I consider Virgin Money has done and offered more than enough to apologise for any misunderstanding caused by the points calculator. For this reason, I don't uphold Mr H's complaint.

My final decision

My final decision is that Clydesdale Bank Plc trading as Virgin Money has already done enough to put things right so 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 5 August 2024.

Gemma Bowen
Ombudsman