

The complaint

Miss K complains Clydesdale Bank PLC, trading as Virgin Money, (“Virgin”) told her it would repay four loans taken out in her name, but it didn’t do so, so she has been charged interest and her credit file has been affected. Miss K raised disputed transactions, which she says Virgin Money has refused to refund.

What happened

Miss K has raised several issues in her complaint against Virgin. I will detail them here.

Four loans were taken out in Miss K’s name in September 2022 in quick succession. Virgin were suspicious of this sudden activity on Miss K’s account and blocked access to these funds after it detected a payment for cryptocurrency a few days later. Virgin says it did this to protect Miss K as it had suspected she’d fallen victim to a scam. It also says it discovered Miss K had given false information on her loan applications. Miss K says Virgin told her it would return the funds borrowed to the four lenders. However, Miss K says this didn’t happen and she has been pursued for these debts. The details of the loans are as follows:

	Date	Amount
Loan 1	07/09/2022	£6,000
Loan 2	12/09/2022	£6,000
Loan 3	13/09/2022	£5,000
Loan 4	14/09/2022	£12,500

Miss K also disputed several payments made from her account to another personal account between 13 September and 15 September 2022. She says she did make one payment over the phone to this beneficiary for home improvement work, but she didn’t authorise any of the account transfers. So, she says Virgin should refund these disputed transactions.

Miss K also raised a dispute about a card transaction she made in the post office in September 2022. Miss K says she attempted the transaction twice and it was declined. However, the funds were still debited from her account.

In addition, Miss K is unhappy that these issues have taken over a year to resolve, causing her unnecessary stress and affecting her general health. She says her calls were cut-off by Virgin and she has constantly been given incorrect and inconsistent information.

Our investigator considered this complaint on two separate occasions. Overall, he upheld the complaint and awarded Miss K £650 in compensation for the errors made by Virgin. However, he felt it was more likely than not that all the disputed transactions were authorised by Miss K. Miss K didn’t agree so the complaint has been passed to me 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.

Miss K has raised a number of points and although I may not mention every point raised, I've considered everything she has said but limited my findings to the areas which impact on the outcome of the case. No discourtesy is intended by this, it just reflects the informal nature of our service. Also, as there are a number of issues on this complaint, I have dealt with each one in turn.

Loan 1 for £6,000 taken on 7 September 2022

Miss K says she was told all four of the loans would be repaid by Virgin after access to the funds had been blocked, but Virgin have not repaid any money back to loan 1. However, having seen the transaction history from the time I can see that Miss K made transactions on her account after this loan had been paid into her account. As this was the first loan payment into the account, any money spent after this was deemed to be made from these funds – which is the approach we would expect it to apply here. So, Virgin did not return any of the £6,000 for loan 1 as it found that this money had already been spent. And I think this is fair. I do not think it would be fair to ask Virgin to repay money spent by Miss K from its own pocket.

The final response letter issued by Virgin on 30 December 2022 clearly states that Miss K will be liable for any loan interest payments, and as I am satisfied Miss K did spend this money, I don't think Virgin should be held responsible for this outstanding loan or the interest repayments.

Loan 2 for £6,000 taken on 12 September 2022

I've seen that the transactions on Miss K's account after the loans were received means that she had spent some of the incoming funds from this loan as well. After these deductions, £2,932.44 remained available to be returned. Virgin has provided evidence that it returned this money in November 2022, however Miss K has been pursued for the entire loan amount since it was taken out. We have now received evidence that £2,932.44 Virgin tried to return to the loan company was sent to their receiving intermediary account, but not correctly applied to her outstanding loan balance. This explains why Miss K has been pursued for the full amount. I understand this has now been correctly applied to the outstanding balance and any interest charged in relation to this has been removed.

However, I am satisfied Miss K did spend the money still outstanding on this loan and I don't think Virgin should be held responsible for the remaining outstanding loan amount or the interest repayments that relate to this.

Loan 3 for £5,000 taken on 13 September 2022

Virgin have provided evidence that it returned the full amount of this loan on 17 November 2022, when it said it did. However, Miss K has provided evidence that she was being pursued for this money since September 2022. We now have evidence that these funds were sent to an incorrect account with an intermediary bank. I understand this has now been applied to the correct loan account for Miss K and she should not be pursued for this further.

Loan 4 for £12,500 taken on 14 September 2022

Loan 4 is not in dispute, so I don't need to deal with this in my decision.

Disputed transactions

Miss K disputes six transactions made from her account between 13 September and 15 September 2022 all to the same beneficiary, I will call him B. She says she made one

payment to B for home improvement works over the phone, but she didn't make any other payments to him.

I've considered the evidence supplied and from what I can see it looks like all six of the payments made to B were made via mobile banking. Her account history doesn't show any evidence of a payment made over the phone using her card details. The online banking log shows B was set up as a payee on 13 September 2022 at 15.04 on a mobile device, and at 15.07 a payment was set to B for £190 under the reference "patio/garden". This matches what Miss K says about the reason for making a payment to B. All six of the disputed payments were made using the same reference.

The evidence supplied doesn't show what device the payments were made from or the IP address. And Miss K is unhappy that the investigator reached his outcome without this evidence. However, due to the passage of time not all the evidence is now available - and in cases such as these I need to make my decision on what is more likely to have happened based on the evidence I do have.

In this case, the evidence I have shows Miss K's passcode was used to log in to the Virgin banking app, make and verify these payments. Miss K hasn't told us that anyone else had access to this information and she would have been in breach of her obligations as a payment service user to share these. So, I think it's more likely that Miss K made these payments herself from her app as her correct passcode was used to log into the app and verify some of these disputed payments.

Disputed transaction to the post office

Miss K disputes a foreign currency cash withdrawal made over the counter at the post office which was carried out using her card and PIN. Miss K says she tried the transaction twice and it was declined, however, the money was still debited from her account. Miss K has provided evidence of a text message confirming no funds was handed over, which she says was sent to her from someone at the post office. However, I have no evidence to support what Miss K has said about the sender of this message. So, this evidence alone doesn't persuade me that Miss K didn't receive the funds she tried to withdraw.

Miss K's initial complaint was that the money she tried to withdraw was debited twice. But the statements show this was only debited from her account once. As this was a card transaction the card machine would've printed a receipt for both declined and successful transactions. So had the transaction been declined Miss K would've had some record of that. And it's likely the fund would only have been debited from her account if the transaction was successful. If Miss K received a receipt stating the transaction was successful, the post office is then liable to produce the money requested. Miss K has not provided a copy of a declined receipt as is usually provided for declined card transactions. And without that it is hard to rely on what Miss K has said alone to conclude the transaction wasn't carried out as it should have been. So based on the limited evidence I have I think it's more likely that the transaction was successful.

Customer service and communication

Miss K has raised numerous complaint points which all centre around the customer service and communication received from Virgin. Although I have limited my finding below to the areas which have had the biggest impact below, I have considered everything Miss K has said and taken everything into account when deciding on the compensation award.

Miss K says Virgin told her that access to the funds from the four loans was blocked and would be returned. She says she was told this over the phone several times and it is even

stated in her final response letter. So, she didn't pay back the loans when she was chased for them. Miss K says that as a result she now has debt companies chasing her and adverse information logged against her on her credit file.

I've looked at the final response letter dated 30 December 2022 and, in this Virgin says "*The fraud team have confirmed that all the respective funds have been paid back to the 4 loan companies*" I think it's reasonable that Miss K read this and understood this to mean that the full amounts borrowed were repaid.

The final response letter then goes on to say, "*The bank had returned the amount paid in from the loan companies back to them, and therefore this does not include any loan interest payments. Any repayments remaining are ultimately your responsibility, and so it may be beneficial for you to speak with the loan companies regarding these.*" So, I think Virgin have been clear that Miss K will be responsible for any interest due, but I think it suggests that Virgin have paid off the outstanding balances due. And I think Virgin should have been clear about the amounts it paid back to the companies. Ultimately, Miss K was left with the impression that the loan money for all four loans had been repaid and this was not the case.

Miss K says she has spent more than a year chasing Virgin and the loan companies to resolve these issues. She has had to make countless phone calls and visit the branch to try and get to the bottom of what happened here. I appreciate that these events have also caused her stress and Miss K says this has affected her health. I've listened to calls between Miss K and Virgin and I have seen many examples of a breakdown in communication here. And I think Virgin had many opportunities to investigate the missing funds in more depth and communicate more clearly here.

My role is to look at all the evidence, and then reach a decision that takes this into account and is fair to both parties. That means I consider Virgin's position as much as I do Miss K's. And considering this, I don't think it's fair to tell Virgin to use its own funds to pay back the remaining amounts outstanding on the loans that she spent from her account. I have awarded compensation for the miscommunication about the amounts paid back but asking it to repay the money Miss K spent, I think, would be a step too far.

I have thought about how things might have been different had Virgin been clear about the loans that were still outstanding. I've seen from the evidence supplied and from what Miss K has said that she was in financial difficulty. Virgin have provided evidence that the loans were not affordable for Miss K based on her genuine income and expenditure. So, I don't think it's likely Miss K would've kept up with the outstanding loan payments had the funds not been returned to the wrong account, and had Virgin been clear on what she still owed.

However, Virgin have fallen short of the customer service and communication standards expected. The investigator considered all these points and the additional points raised by Miss K and decided to award £650 in compensation. I also consider this to be fair for the reasons outlined above.

I cannot ask Virgin to alter the information on Miss K's credit file as it is not responsible for reporting this, this was done by the loan companies and will be dealt with within Miss K's other complaints.

Putting things right

Clydesdale Bank PLC, trading as Virgin Money, should pay Miss K £650 compensation for its customer service failures.

My final decision

I am upholding this complaint in part, and Clydesdale Bank PLC, trading as Virgin Money should put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 27 September 2024.

Sienna Mahboobani
Ombudsman