

The complaint

Mr R complains that Virgin Money PLC (Virgin) closed his account after removing the funds within it, to comply with a court order.

What happened

Mr R had a current and savings account with Virgin. In April 2019, Virgin received a court order requiring it to deduct £7,328.22 from Mr R's savings account. Mr R's account balance was £4,312.96, so Virgin deducted the full amount then closed Mr R's account. It said the only way to complete the deduction was to close his account.

Mr R complained. He agreed Virgin was right to remove the balance, but thought it was unfair his account was closed by default. He noted Virgin no longer offered that particular account, so he couldn't simply re-apply for it.

Our investigator approached Virgin to say it seemed unfair to close Mr R's account simply because its process required closure to complete the deduction. Virgin responded saying it wasn't the case that the account was closed because of Virgin's systems or procedure. And that the account key product information for Mr R's account requires a minimum operating balance of £1, so it had to be closed when the full balance was removed from the account.

Our investigator sympathised with Mr R, but felt she couldn't ask Virgin to do anything more for Mr R given the account operating requirements. Mr R said Virgin hadn't been fair and transparent, so he asked for an ombudsman to review the matter afresh.

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 looked at the terms and conditions of the account, along with the key product information. And I've thought about what both Virgin and Mr R have told our service. In order to uphold Mr R's complaint, I would have to be persuaded that Virgin had acted incorrectly or treated Mr R unfairly. And based on what I've seen, I don't think it has.

In order to operate this particular account, Virgin requires a minimum balance of £1 at all times. And because Mr R's account balance was less than the amount Virgin was required by the court to deduct, it had to deduct the full account balance. Which in turn meant Mr R's account no longer complied with the minimum requirements.

Had Mr R's balance been £7,329.22 or more, Virgin could have complied with the order and kept the account open with a balance of £1 or more. But with the balance as it was, I can't reasonably say Virgin treated Mr R unfairly by removing his account.

The court order was made in two parts: an interim order that required Virgin to confirm the balance and ensure the same was not reduced. And a final order that required Virgin to release the money to the party stated in the order. There was nothing to prevent additional

sums being deposited into the account, and I note the account balance didn't increase and so remained below the £7,328.22 stated in the order.

What Mr R is effectively asking Virgin to do is put the ink back in the bottle and reinstate the account after the event. But given Mr R's account didn't comply with the necessary requirements, I can't reasonably ask it to put things right, given it's done nothing wrong.

There was a suggestion that Virgin could've given Mr R notice before it closed the account. And that he would've been able to return the balance to £1, had it done so. But because Virgin had to first remove the balance of the account, it then became zero and so didn't comply with the requirements.

So, it would've been too late for Mr R to add the required funds. The only way that could've been circumvented is if Mr R increased his balance to £1 more than the amount stated in the court order. To do so would've required him to pay £3,016.26 or more into the account and I'm not persuaded Mr R would've done so, simply to retain the account.

Our investigator did approach Virgin to ask if they would be prepared to do something for Mr R in light of the unusual circumstances, but it declined. It has said Mr R is welcome to apply for another account. And while I note the previous account is no longer available, I'm sorry to say that I can't ask Virgin to do anything more.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 2 March 2021.

Alex Brooke-Smith
Ombudsman