

### **The complaint**

Mr B complains Clydesdale Bank Plc, trading as Virgin Money, had unfairly restricted access to his accounts. And despite providing information in line with its requirements, Virgin Money didn't lift the restrictions. Mr B also complains he's been discriminated against and has lost out financially.

To keep matters simple, I will refer to Virgin in the rest of my decision.

To put things right, Mr B wants Virgin to pay him compensation for the trouble and upset this matter has caused him.

### **What happened**

Mr B opened three accounts with Virgin in 2016. In November 2019, Mr B told Virgin of his change of address. Virgin updated its records accordingly.

Around this time in November 2019, Mr B applied for another savings account. This account had a different nominated bank account to that of the three previous accounts - albeit with the same third-party bank. Virgin asked Mr B for details to verify his new nominated account.

After briefly being opened, Virgin wrote to Mr B and explained it was unable to proceed with his application for the new account any further. Virgin explained any funds in this account will be returned to where they came from.

Virgin placed restrictions on all three of Mr B's remaining accounts.

Virgin asked Mr B to provide it with proof of his identity and proof of address for the previous three years. To facilitate this request, Virgin called Mr B. The call was picked up by someone acquainted with Mr B.

Between November and December 2019, Mr B made several trips to a Virgin branch to hand it information as part of what it had requested. Virgin told Mr B this wasn't sufficient for its review, and therefore for the restrictions on his account to be lifted.

Unhappy with Virgin's actions Mr B complained. In summary, Virgin said the following in its final response:

- Virgin is required to verify the identity of new customers, and re-verify the identity of its existing customers
- Virgin hasn't done anything wrong by asking further information from Mr B – and it can ask for further information anytime
- In accordance with its terms and conditions, Virgin can restrict an account if it has any concerns.
- Virgin apologised if it has taken longer than expected for it to review any information

Mr B had provided.

- Given Mr B's concerns regarding the Financial Services Compensation Scheme's ("FSCS") protection limit, and the interest rate he's receiving whilst the accounts remain restricted, Virgin can arrange for the accounts to be closed. If so, Virgin can validate his nominated account and then process any payment.
- If Mr B wishes to keep his accounts with Virgin, he should provide it with a utility or council tax bill showing his registered address for the last three years – a document for each year.

Dissatisfied with Virgin's answer, Mr B brought his complaint to this service.

Before the complaint was picked up by one of our investigator's, Mr B told Virgin he was concerned funds held in one of his accounts were above the FSCS' protected limit. Virgin told Mr B that if he could verify the nominated account where the funds are to be sent, it would be happy to release them.

Mr B then sent Virgin details of his third-party bank. Satisfied with this, Virgin sent £35,000 to the nominated account in April 2020.

The restrictions on Mr B's accounts were lifted in October 2020.

One of our investigator's then looked into Mr B's complaint and they didn't recommend it be upheld. In summary they said:

- Virgin said it had concerns about Mr B's residency in 2016 when the accounts were opened. But it didn't look into this any further at that point.
- Virgin didn't make an error when applying restrictions to Mr B's accounts. It had concerns about Mr B's eligibility for the accounts from 2016. Namely, Mr B needed to be a permanent UK resident for tax purposes. Virgin's position on this changed in November 2019, resulting in it asking for Mr B to verify the matter.
- Mr B was able to close his accounts at anytime and so was able to access his funds. He couldn't however transfer funds between his Virgin accounts, nor did he have online access due to the restrictions placed on him. But Virgin was entitled to review the accounts. And did so in line with its procedures which help it meet its regulatory and legal obligations. Nationwide also acted in accordance with its terms and conditions.
- After considering Mr B's argument that he had provided enough information, Virgin had not acted unreasonably by asking Mr B to provide evidence of his residence for the previous three years.
- Mr B hadn't been discriminated against as Virgin's requests for further information weren't unreasonable – nor was he asked to do something different to someone else.
- Mr B says he's lost out on higher interest, and investment opportunity because of the restrictions applied. But the terms of the accounts say they are variable and can be changed by Virgin at any time; Virgin wanted to verify his residency and the destination account; and Mr B could have chosen to close his accounts and invest them elsewhere – something he was aware of in January 2020.

Mr B was unhappy with what our investigator said. I'd like to assure Mr B that even if I don't

set out in explicit detail all the points he's made, both previously and in response to our investigator's opinion, I have carefully considered everything he's said.

I will of course summarise the key points he's made in response to what our investigator said:

- Virgin did not disclose to him it had concerns about his eligibility in 2016 when opening the accounts. This amounts to an *omission* on its part. And despite its concerns, it was happy to take a substantive deposit from him.
- Had Virgin expressed its concerns to Mr B in 2016, he would have either provided additional information to allay any concerns; or moved his funds to an alternative financial institution.
- So Virgin have failed to act on its concerns in 2016. And this in turn led Mr B to believe his investments were safe and on *firm ground*.
- This omission in turn has created this situation and led to him suffering financial loss. As such Virgin has not acted in *good faith*.
- Mr B proposes Virgin pay him £12,000 as fair compensation for the stress, time consumed, and funds lost due because of the way Virgin have handled the matter.
- Virgin's unsubstantiated misgivings and failure to act in 2016 prove it acted unlawfully and illegally.

As Mr B remains unhappy, it follows I must now decide this matter.

### **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.

And having done so, I've decided not to uphold this complaint. I now this will disappoint Mr B, so I'll explain why.

Virgin has important legal and regulatory obligations it must meet when providing accounts to customers. These obligations are ongoing, so do not only pertain to when an account is opened.

To comply with its obligations Virgin may need to review an account and/or restrict its customer's access. If Virgin didn't comply with its obligations it could risk serious sanction. In order to meet these requirements Virgin is entitled to ask a customer for more information about how they use their account.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for Virgin to restrict Mr B's account and ask him for information relating to proving his identity and for him to show proof of his residency for the three years previous. I've also closely reviewed Virgin's terms and conditions for these types of accounts. And having done that, I'm satisfied it has acted in line with them.

I say that because a condition of the accounts is that Mr B *lives* in the UK and does so for tax purposes. Mr B gave Virgin a new nominated account to send money to. This was still with the same third-party bank Mr B had used before, but it was an altogether new account.

Because of this change, Virgin needed to verify the new account in line with its internal processes to safeguard its customers.

As part of communicating this request, Virgin attempted to call Mr B on the number he had previously given it. Virgin have given me a copy of a call and I've listened to this carefully. The call is not picked up by Mr B, but by someone he knows. They explain Mr B uses their number as a UK contact for banks and other bills as he lives abroad.

This in turn alerted Virgin to the prospect Mr B may not be resident in the UK for tax purposes. And as I've already said, this is a criterion contained in the terms to be eligible for the accounts. So I can understand why Virgin wanted to see the evidence it asked of Mr B.

I note Mr B says his acquaintance was mistaken on the phone call. To be clear, I'm not making a finding that Mr B did or didn't live in the UK. But I think with the information presented to Virgin it had a reasonable basis, and therefore valid concerns, to ask Mr B for the information it did.

Mr B says he has more than adequately provided this information to Virgin. And he cannot provide historical records linked to a residence where he no longer has any standing.

I've looked at the information Mr B sent to Virgin. I note there isn't any meaningful dispute with what Mr B sent in as proof of identity – although that might not have been the starting position. But Virgin wasn't satisfied with what Mr B gave it as proof of three years address history. From what I've seen Mr B doesn't have individual and separate proof to show for each year Virgin's request covers; to my mind that's 2019, 2018 and 2017.

Mr B argues he's moved during that period and so can't be expected to get that information in the manner Virgin want it. He also argues that one of the letters he has provided, although dated in 2020, should be enough to show he's been resident in the UK for three years as it indicates him getting a pension income from 2016.

I've thought very carefully about whether Virgin have acted fairly and reasonably here. And I think it has. I accept getting this information has proved problematic for Mr B, but Virgin had valid concerns in 2019 that Mr B may not be eligible for the accounts he holds with it. So I'm satisfied it needed to see persuasive and compelling evidence that wasn't the case. I'm also persuaded asking for specific types of documents, for each year since the accounts were opened, is a reasonable measure to meet that aim.

So, whilst I accept this matter would have caused Mr B inconvenience, I can't say Virgin treated him unfairly when it blocked his accounts and asked him to provide evidence to alleviate its concerns.

Mr B says as Virgin had concerns about his eligibility in 2016, when opening the accounts, this amounts to an *omission* on its part. And had Virgin expressed its concerns to Mr B in 2016, he would have either provided additional information to allay any concerns; or moved his funds to an alternative financial institution. So Virgin have failed to act on its concerns, which in turn led Mr B to believe his investments were safe and on *firm ground*.

I can understand why Mr B has said this, given our investigator told him Virgin had concerns which it didn't follow up on when the accounts were opened. Given the time that has passed, Virgin can't be sure why nothing more was done at that stage.

But having given this some thought, I'm not persuaded it has a bearing on the outcome of this complaint. I say that because Virgin took the action of restricting and asking Mr B for evidence of his address history, because of what happened in 2019.

Something altogether new and different happened in 2019 which concerned Virgin. So I'm persuaded, even without the residual concerns Virgin had at inception, what happened in 2019 was enough in of itself for Virgin to have taken the course of action it did.

It follows that I'm persuaded, on balance, Virgin would have acted in the way it did in 2019 regardless of its concerns when the accounts were opened.

Mr B says the way Virgin have treated him is discriminatory. This is a serious allegation, so I've looked very closely at all the information I have. Having done that I'm not persuaded Virgin have treated Mr B any different because of a protected characteristic, or to someone else. As I've already said, by asking for the information it has, Virgin was fulfilling its regulatory obligations and acting in line with the terms and conditions of the account.

Lastly, Mr B says he's lost out on better interest rates and the opportunity to invest his money elsewhere. But I note Virgin gave Mr B the option to close and transfer his funds in its final response in January 2020. Mr B also confirms this with a Virgin agent on a call which took place in early February 2020.

So Mr B could have taken his money and invested elsewhere.

I note Mr B's account interest rates became the subject of Virgin's variable rates – lower than what he previously had – during the period of the restrictions. But this was in line with the terms and conditions of the account – and in any case, Virgin had a duty to mitigate against the possibility Mr B wasn't resident in the UK given its concerns.

Mr B has said Virgin have acted unlawfully and illegally. I haven't seen anything that makes me think that's the case, and that's a matter best suited for a court to decide.

So, after weighing everything up, and to surmise, I'm satisfied Virgin have acted fairly and reasonably by restricting Mr B's access to his accounts and requesting documents to validate his address history and identity. I also don't think, on balance, that any likely omission in 2016 had a bearing on the actions it took three years later. And, I don't find Virgin discriminated against Mr B.

It follows that I won't be directing Virgin to award Mr B any compensation.

### **My final decision**

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 August 2021.



Ketan Nagla

**Ombudsman**