

The complaint

Mr M complains Clydesdale Bank Plc trading as Virgin Money (Virgin Money) incorrectly placed his loan funds into a joint account rather than his sole account. He is also unhappy Virgin Money began taking repayments from the joint account without permission.

What happened

Mr M took out a personal loan in March 2022 to purchase a vehicle. He asked for the loan funds to be placed into a sole account. He didn't want to tell his wife about the loan because of her health condition which can be affected by stress. However, in error Virgin Money placed the loan funds to a joint account Mr M held with his wife and she therefore found out about the loan.

Mr M is also unhappy that Virgin Money took the loan repayments from the joint account without any prior discussion. He also said he wasn't sure which account would be debited and he was unable to make financial provision to cover the payment.

Virgin Money acknowledged its mistakes, as well as there had been delays in handling the complaint, and that they'd accidentally phoned Mr M's wife during the complaint handling process. They apologised and in total paid £275 to reflect the distress and inconvenience they'd caused overall to Mr M.

Our investigator looked at the complaint and said Virgin Money should increase this offer to £500 (including payments already made).

Virgin Money accepted this but Mr M disagreed, so the complaint has been passed to me to consider.

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.

It is not in dispute that Mr M asked for the loan funds to be placed into his sole account and that Virgin Money made an error by crediting the funds to a joint account instead. Mr M has also said when his wife saw the credit in the joint account, he told her this was a banking error. However, Mr M says Virgin Money made a second mistake when they began taking the repayments out of the joint account, and this meant he had to explain to his wife the funds were from a loan which he'd taken out. Mr M has said this caused a detrimental impact on his relationship with his wife.

I've considered whether I think it's fair and reasonable for Virgin Money to pay an additional £225 (bringing the total up to £500), and I think it is. I know Mr M will be disappointed by my decision, but I've explained below why I've reached this outcome.

I have no doubt that this caused considerable damage to Mr M's relationship with his wife. Although we can't compensate for the way Mr M's wife felt, she has health concerns which

are impacted by stress, and this has in turn had an impact on him. Mr M also said he had to live elsewhere for a period of time. So this has clearly been a difficult time.

Virgin Money made a relatively minor administrative error in crediting the loan to the wrong account and I can only ask them to pay fair compensation for the inconvenience this would reasonably cause. Although Mr M has explained the huge repercussions this error had, I don't think Virgin Money could have reasonably foreseen any of the consequences that he's told us about in his complaint correspondence. So it follows that it wouldn't be fair to hold Virgin Money solely responsible for these issues. Because of this, I think Virgin Money's offer of £225 for the distress and inconvenience they caused is fair and reasonable.

Mr M has said his wife wants him to sell the vehicle which has already depreciated by thousands of pounds. But I can't fairly hold Virgin Money responsible for this potential financial loss. This is because Virgin Money could not have reasonably foreseen this would be a consequence of them accidentally crediting the wrong account.

Mr M has said that the repayments were debited from his joint account without any authorisation. Although this wasn't what had been agreed prior to the loan, Virgin Money had made an error with the account details and as the funds were initially in his joint account, I don't find it surprising the repayments were debited from that account to begin with.

Although Mr M says taking payments from the joint account was a second error made by Virgin Money, it appears to be a follow on from the original mistake. And for the reasons I've explained above, I don't think Virgin Money could have reasonably foreseen the consequences caused of taking the loan repayments from the joint account.

Mr M says he wasn't informed when the monthly repayment would be taken from the correct account and that he wasn't able to make financial provision to cover the payment. I can see that by July 2022 Virgin Money wrote to Mr M to explain the payments would be taken from the correct account. Virgin Money also said they'd consider any fees or charges Mr M incurred as a result of not having enough funds in his account when the loan repayment was taken, but I've not seen any evidence to suggest there has been financial loss here.

It seems there have been some complaint handling issues. For example, Virgin Money accepted they accidentally phoned Mr M's wife in relation to the complaint. They've said they wouldn't have disclosed any personal data and Mr M hasn't said otherwise. It also seems that Mr M's wife would've already been aware about the loan in any event. But I can understand why this would add to Mr M's frustrations with Virgin Money.

Virgin Money have acknowledged the delay in looking into Mr M's complaint. Mr M complained in March 2022 and it wasn't until July 2022 that a final response was issued, so it took approximately four months. Whilst I appreciate Mr M would've liked this to be dealt with quicker, unfortunately dealing with institutions such as banks can take some time and I don't think the delay on its own caused any material distress and inconvenience to Mr M such that it warrants any additional compensation.

To conclude, I think Virgin Money should pay Mr M a further £225 (bringing the total to £500) to reflect the distress and inconvenience caused to him. This should be paid to an account of Mr M's choosing. I accept Mr M would like more compensation, but I'm not persuaded, in the specific circumstances of this complaint, I can fairly and reasonably require Virgin Money to pay him more.

My final decision

My final decision is that I uphold this complaint.

Clydesdale Bank Plc trading as Virgin Money should pay Mr M compensation of £225, to an account of his choosing.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 February 2023.

Marie Camenzuli
Ombudsman