

The complaint

Mr S complains Clydesdale Bank PLC trading as Virgin Money (Virgin) incorrectly sent a cheque to him for a withdrawal from his savings account rather than a bank transfer, causing him financial loss.

What happened

Mr S says in October 2022 he requested Virgin to withdraw a total of £40,000 from his investment accounts but only £26,000 arrived in his Virgin bank account. Mr S says when he queried this with Virgin it explained it had sent the second payment of approximately £14,000, by way of cheque. Mr S says he was kept waiting on the telephone and eventually Virgin agreed it would cancel the cheque it had issued, but this would take a few days to arrange. Mr S says as result of this delay he'd lost out on a favourable exchange rate, as he was sending funds to France for a house purchase.

Mr S says this matter has been very stressful and wants Virgin to pay him compensation, in addition to the £100 it has paid him for this, along with his costs and loss on the exchange rate he could have achieved, totalling £280.

Virgin says it accepts it sent the withdrawal of approximately £14,000 from his investment savings account, by way of cheque rather than bank transfer and apologised for this and have paid him £100 by way of apology. Virgin says it wasn't made aware, when the withdrawal request was made by Mr S, that he intended to send this money overseas, so it can't be held responsible for any exchange movements that may have occurred, nor has it been provided with any evidence of this.

Mr S wasn't happy with Virgin's response and referred the matter to this service.

The investigator looked at all the available information and upheld the complaint. The investigator felt Virgin didn't go far enough to compensate Mr S for the inconvenience he'd experienced, and the delays caused by sending a cheque rather than a bank transfer. The investigator didn't feel however that Virgin were made aware at the time of the transfer request, that Mr S intended to send the funds overseas and could see no evidence to suggest this. The investigator felt Virgin should pay Mr S a further £100 by way of compensation for the poor service it provided.

Mr S didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman 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.

Having done so, I will also be upholding this complaint and I will explain how I have come to my decision.

I can understand it would have been frustrating and upsetting for Mr S to have requested transfers from his investment savings accounts, only to find part of that transfer was made by cheque and not directly to his Virgin bank account as he'd asked.

When looking at this complaint I will consider if Virgin adequately compensated Mr S for sending a payment transfer request by way of cheque rather than directly to his bank account, as he had asked.

The first thing to say here is Virgin have accepted it made a mistake when it sent Mr S's bank transfer request of approximately £14,000 to him by cheque, rather than directly to his bank account with them. Virgin have apologised and paid Mr S £100 by way of compensation.

Mr S says this was part of two transactions totalling £40,000 and it was needed towards the purchase of a property and the funds needed to be sent overseas. Mr S says because of Virgin's mistake and the delays incurred in cancelling the cheque, it has resulted in him losing out on a preferential exchange rate that he could have achieved if the funds had been sent the way he asked. Mr S says this has cost him around £280 alone, and Virgin's compensation payment of £100 doesn't go far enough to cover the inconvenience and stress he has suffered.

While I understand the points Mr S has made and without trying to minimise the frustration this would have undoubtedly caused him, I am satisfied the increased offer of compensation by a further £100 is fair and reasonable here. I say this because at the time the transfer request was originally made there's no evidence to suggest that Virgin could have been reasonably aware, the monies were to be used to send funds overseas, after all the request was to send the monies to his Virgin One account in sterling.

So, with that in mind I can only consider here that Virgin made a mistake when issuing a cheque and not a direct transfer, rather than considering any exchange rate movements Mr S may have suffered as a result.

That's not to say Virgin didn't make a mistake when it sent the payment totalling circa £14,000 by cheque, it did and it has made some redress for that, but like the investigator given the delays incurred in cancelling this payment and the lengthy telephone calls, I also feel a further £100 in compensation is warranted here. It's worth saying it's not my role to penalise businesses when mistakes are made, rather to see it apologises on those occasions and appropriate redress is paid – and taking into account the proposed increase of a further £100 is to be paid – I'm satisfied, while Mr S may not agree, this is reasonable here.

Putting things right

I instruct Clydesdale Bank PLC trading as Virgin Money to pay Mr S an additional £100 in compensation for the trouble and upset caused.

My final decision

My final decision is that I uphold this complaint.

I instruct Clydesdale Bank PLC trading as Virgin Money to pay Mr S an additional £100 in compensation for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 June 2023.

Barry White
Ombudsman