

The complaint

Mrs H complained that Clydesdale Bank Plc trading as Virgin Money ('Virgin') failed to open a bond account for her when she applied and gave her poor service when she sought to resolve the issue. Mrs H wants Virgin to pay her the equivalent of the interest she would've earned from the bond had Virgin opened it when she applied and to be compensated for poor service.

What happened

Mrs H was an existing Virgin customer. She said that on 10 or 11 November she took steps online to open a one-year 4% fixed rate bond that Virgin was offering.

Virgin said the bond was its Fixed Rate E-Bond Issue 502. And that on 11 November 2022 at 2pm it withdrew that bond from the market. Key product information for the bond which is available online said the account could be opened online by UK residents, the minimum amount to open the account was £1 and the initial deposit could be paid with a debit card. It also said the bond was limited issue and '*can be withdrawn at any time*' and '*Once withdrawn there is a very limited window to make any deposits and any deposits made after this time will be returned to you*'.

On 12 November 2022 Mrs H logged on to her Virgin account with the intention of transferring some funds to the bond. She said she hadn't received any account details so she wanted to find the details online so she could transfer some funds. But she didn't see the bond account. Mrs H said she saw from the Virgin website that Virgin had withdrawn the product she wanted on the evening of 11 November. She said she didn't receive any information, alerts or notifications about the bond.

Also on 12 November 2022 Mrs H sent an online message to Virgin about the fixed rate bond. Mrs H later said her online messages from this time had disappeared but she found a copy of Virgin's automated reply in her sent items and she provided a copy to us. The automated response to her from Virgin was dated 12 November 2022 and it had the subject '*1 Year Bond 4% [#15850129]*'. It said, '*Thank you, we have received your message. We will respond as soon as we can, we aim for this to be within 3-5 working days. Our response will be posted to your secure message inbox which you can access using the 'Messages' facility.*'

On 19 November 2022 Mrs H hadn't received any response to her online message. So she called Virgin. Notes of the call taken by Virgin say that:

- Mrs H said she thought she'd successfully opened the bond account online on 10 or 11 November 2022 but when she tried later to deposit £40,000 to the bond there was no bond showing in her account.
- She had '*raised a chat*' but no one had replied.
- Mrs H said she would've tried again to open the bond account but she had been waiting for Virgin to reply.

- Virgin said it would raise a complaint for Mrs H and until she received account details and an email her account wasn't fully opened.
- Mrs H said she hadn't received any email.
- Virgin said, *'Part of the complaint can they retrospectively open the account. When was it withdrawn? They can't open a closed account. Probably offer a 2 year. I do need them to look at it.'*
- Mrs H said if someone had replied earlier she could've applied for the bond.

On 16 December 2022 Virgin sent Mrs H a text message saying the complaint process was taking longer than expected and could take up to eight weeks.

In late January 2023 Mrs H decided to invest her money with another provider because she hadn't heard anything from Virgin. She invested £45,000.

On 22 February 2023 Virgin telephoned Mrs H. It apologised for the delay and offered £50 as a goodwill gesture.

On 23 February 2023 Virgin sent Mrs H its written response to her complaint. Virgin said it had opened the bond account for her, but had failed to notify her of the account details after doing so. It asked Mrs H to let Virgin know if she'd missed out on any interest as a result of this mistake. And it said it would pay £50 for distress and inconvenience.

On 13 March 2023 Mrs H called Virgin. Virgin said it could find no record of her complaint.

Mrs H referred her complaint to this service. She said she was unhappy because Virgin took 15 weeks to reply to her complaint, she had missed out on £300 in interest, Virgin hadn't given her the goodwill payment it had offered, and Virgin had no record of her complaint when she tried to follow up.

One of our Investigators looked into Mrs H's complaint. She said Virgin had acknowledged its error. And she thought that, in addition to the £50 Virgin had offered for distress and inconvenience, Virgin should pay Mrs H the equivalent of the interest she would've earned on the bond if she'd invested £45,000 on 12 November 2022 until the date in late January 2023 when she invested elsewhere.

Mrs H accepted the Investigator's opinion.

Virgin said it disagreed. It said it had made a mistake in its reply to Mrs H's complaint. It said Mrs H actually hadn't opened the bond account online. Virgin said it had told her this in the phone call of 19 November 2022. And so Mrs H could at that point have invested her money elsewhere. Virgin said it didn't think it was liable for Mrs H missing out on any interest.

Virgin said it had no record Mrs H had logged into her account on 10 or 11 November 2022 and it couldn't find a record of a message sent from her through online banking on 12 November 2022. Virgin provided screen shots of the following:

- Mrs H's account history which showed Mrs H had two accounts – one an open account which she'd had since 2019 and one closed account which had been opened in 2017.
- Mrs H's contact summary which showed no evidence of a bond account being opened in November 2022.

Because no agreement could be reached, this complaint was passed to me to review afresh and make a decision.

I issued a provisional decision saying I was minded to partly uphold Mrs H's complaint. I said I intended to require Virgin to pay Mrs H £150 for the distress and inconvenience it caused her. In response to my provisional decision both Mrs H and Virgin said they had nothing further to add. I have no reason to depart from my provisional findings. So I've repeated them below as my 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'm partly upholding the complaint. I'll explain why.

Mrs H's complaint has two main parts – that Virgin didn't open her bond account when she attempted to apply online, and that Virgin gave her poor service while she sought to have that issue resolved.

On the first point, I'm not satisfied that on balance I can uphold Mrs H's complaint. To uphold this part of the complaint I would need to see some evidence that Mrs H had logged on when she said she did and completed the bond application process in full. Without some evidence of that, I can't reasonably say Virgin should take responsibility for Mrs H missing out on the bond. Mrs H said she was logged into her ISA account when she went through the process of setting up the bond, and it wasn't until she next logged in, to deposit some money, that she found the bond account hadn't been set up for her. And that it was now too late to apply for the bond because it had been removed from the market. Unfortunately, while I don't doubt Mrs H's recollection of attempting to complete the application online, there's no record that it was completed and submitted to Virgin.

Virgin's notes from the phone call of 19 November 2022 indicate that the call handler couldn't see any evidence of a bond being set up for Mrs H, or an application for that having been received. Although Virgin later said that it could see an account had been set up, it didn't refer to any evidence supporting that finding and it later said that finding had been wrong. And that finding conflicts with two other sources from Virgin – the phone notes which indicate that Virgin checked its systems on 19 November 2022 and saw no relevant records; and the account list provided by Virgin in its response to our Investigator's view which showed Mrs H had two accounts, one open and one closed and neither of which was the bond in question.

I've considered Mrs H's recollections of what happened around 10 to 12 November 2022. The fact Mrs H didn't receive any account details for the bond, or any confirmation email, and she didn't mention having deposited any funds upon opening the account, inclines me to think Mrs H didn't complete the process. Mrs H herself also said later that she assumed the product must have been withdrawn while she was in the process of attempting to open the bond account.

Taking all of this into account – and also taking into account that Virgin's evidence has been unreliable – I'm not satisfied I have sufficient basis to say that Virgin received Mrs H's application for the bond in November 2022 or that Virgin was in any other way responsible for Mrs H missing out on the bond. Weighing up the conflicting accounts from Virgin, and all the other evidence, including Mrs H's submissions, I don't think Mrs H did open the bond account.

Unfortunately for Mrs H, I also don't think she could've opened the bond account if Virgin had replied sooner to her online message. Mrs H sent the message to Virgin on 12 November 2022. By that time the bond had been withdrawn from the market. Unless Virgin had been at fault for the failure to open an account – which it doesn't appear to have been – then Virgin would have no reason give Mrs H access to the withdrawn bond, or to compensate her for missing out on it.

On the customer service element of Mrs H's complaint, however, I find that Mrs H has been let down by Virgin.

Firstly, Virgin failed to respond to Mrs H's online message of 12 November 2022. And it has since said it can see no evidence of the message having been sent, despite its own phone notes saying it had received the message. This delay would've been frustrating to Mrs H and it cause her the inconvenience of having to call Virgin to follow up.

Secondly, Virgin took too long to reply to Mrs H's complaint about the unopened bond account. Although this service cannot consider complaints that are purely about complaint-handling, in this case Virgin's response to Mrs H's complaint was an integral part of resolving her issue about trying to open a bond account. Mrs H first contacted Virgin on 12 November 2022 and, on Virgin's advice, she raised a complaint on 19 November 2022. Virgin gave its reply on 23 February 2023. That is an excessive amount of time for Mrs H to wait to be told whether or not Virgin had made an error that stopped Mrs H from having access to a bond account.

Thirdly, Virgin gave conflicting information about whether or not it had opened the bond account for Mrs H in November 2022. It told her she'd opened the bond account and would compensate her for failing to provide the account details which would've allowed her to invest money in the bond. Then several months later Virgin said it hadn't opened the bond account and wasn't responsible for Mrs H missing out on any investment interest.

So, I think Virgin's service to Mrs H has been poor. I think it fell below the standard Mrs H could reasonably expect.

In considering the impact of the poor service on Mrs H I don't think it caused her to miss out on or delay investing any money. Mrs H knew by 19 November 2022 that she hadn't had a bond account opened. At that point it was her choice to wait for Virgin's response to her complaint rather than mitigate her losses by investing elsewhere. Mrs H's decision not to invest elsewhere wasn't the result of any failings by Virgin. By the time Virgin gave Mrs H wrong information about having opened a bond account for her, Mrs H had already invested her money elsewhere. So the wrong information didn't have an impact on Mrs H's investment.

I do find that Virgin's poor service caused Mrs H distress and inconvenience. She has expressed strong disappointment and loss of confidence in Virgin. And she's clearly been frustrated and inconvenienced over a period of months by having to chase matters up and receiving delayed and unsatisfactory responses from Virgin. Virgin acknowledged that it took too long to deal with this issue for Mrs H. And it's also acknowledged that giving conflicting information was poor service to Mrs H.

Virgin originally offered to pay Mrs H £50 for distress and inconvenience. After that Virgin continued to provide poor service in resolving Mrs H's issue – primarily by giving conflicting information about the very crux of her concern – whether or not she did in fact have a bond account opened in November 2022. Looking at the impact on Mrs H in the round, I think the distress and inconvenience Virgin's poor service caused her warrants payment of £150 in total – so the £50 already offered by Virgin and an additional £100.

Putting things right

Virgin's poor service to Mrs H caused her distress and inconvenience. To put things right for Mrs H, I require Clydesdale Bank Plc trading as Virgin Money to pay Mrs H £150 for the distress and inconvenience its actions caused her.

My final decision

For the reasons I've set out above, my final decision is that I partly uphold Mrs H's complaint. Clydesdale Bank Plc trading as Virgin Money must pay Mrs H the amount set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 15 February 2024.

Lucinda Puls
Ombudsman