

## **The complaint**

Mr G complains that Clydesdale Bank Plc trading as Virgin Money are not treating customers the same who hold offline accounts and online accounts.

## **What happened**

Mr G says he has been a Virgin Money customer for more than ten years. Recently he rang Virgin Money a number of times regarding his Individual Savings Account (ISA), where he had been on hold up to an hour sometimes. He says he holds an offline account, and the interest rate hasn't increased on the account despite the Bank of England base rate rising. Mr G made a complaint to Virgin Money.

Virgin Money partially upheld Mr G's complaint. They offered him £25 compensation for the long holding times. They said interest rates offered on their products are ultimately business decisions made by them, so they would not be upholding this part of his complaint. Mr G brought his complaint to our service.

Virgin Money said they would increase their offer of compensation to £50 as it took them almost 12 weeks to respond to Mr G's complaint and because of the long hold times he had. Our investigator partially upheld Mr G's complaint. He said the account Mr G holds has not been discontinued as it remains active. But to obtain an account with a higher rate of interest, Mr G would have to proactively arrange this, if his account no longer met his needs. He said Virgin Money provided further evidence to show that they wrote to Mr G on 1 February 2021 to advise him they were reducing the interest rate on his cash ISA. The letter detailed his options and it was sent to Mr G's registered address. He said Virgin Money should pay Mr G £50 compensation for the time it took them to respond to his complaint and the long waiting times he had getting through to a call handler.

Mr G asked for an ombudsman to review his complaint. He made a number of points. In summary, he said Virgin Money treated their customers differently for online accounts and offline accounts and his account is an offline account. He said the interest rate has stayed the same and he should be treated the same as all other Virgin Money customers. He said he was told in a phone call last August that his offline ISA wouldn't apply the Bank of England base rate increases. Mr G asked why online and offline ISA's do not provide the same benefits and why Virgin Money keeps the interest rate so low.

## **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.

Mr G has made a number of points to this service and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

I'd like to explain to Mr G that it is not within this service's remit to tell a business what interest rates they should pay on online/offline accounts – or to put it another way, accounts

currently available for new/existing customers and accounts that aren't available to open currently as this would be a commercial decision for Virgin Money to make. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Virgin Money to make changes to how they apply interest rates for different types of accounts if necessary.

I've noted the strength of feeling that Mr G has regarding how Virgin Money treat their customers who have offline accounts and online accounts. The account Mr G has is active, and it comes with its own conditions which may be different to other accounts that are currently offered by Virgin Money with a higher interest rate. And it would be up to Mr G to be proactive with what type of account suits him best. The account he has does not appear to restrict transfers/withdrawals to accounts which Mr G considers to be online accounts. So Mr G is, and has been free at any time to transfer out of this account if he felt another account would suit him better and because of this I'm persuaded that he would be treated the same as any other customer as long as he met the terms and conditions for any other account they offer.

Virgin Money can make a commercial decision to choose what interest rate on an account should be. They are not obliged to mirror the Bank of England base rate with rises and falls. They can keep the interest rate level also, which is what they confirmed to Mr G in his August call. Virgin Money can choose to offer higher interest rates for accounts currently available to open for new/existing customers as opposed to accounts which are no longer available to open.

I can see from the statements that Virgin Money have sent Mr G over the last few years that page two of the statement encourages him to *"Stay up to date with our Savings range and any important savings news"*. So if Mr G was in any doubt about the savings accounts that Virgin Money offered, he could have rung them on the telephone number provided in this section of his statement, visited their website or visited a Virgin Money branch as advised.

Virgin Money's savings terms show that *"We can also decrease the interest rate. When we tell you will depend on the type of variable rate account you have."* It appears that Mr G was informed that his interest rate was reducing on his ISA in February 2021. The letter encourages him to *"Have a think about what you'd like to do with your savings, there are two months before the change becomes effective so there is plenty of time for you to decide what to do."* It gave him options to either keep his existing account, move to another account, withdraw his money or close his account. It also gave him a telephone number which he could ring. So I'm satisfied that Virgin Money informed him of his interest rate and told him that he was able to move to another account, so I'm satisfied that Virgin Money kept him informed of the interest rate reduction in line with the terms of the account.

Mr G has said that he had long waiting times and that he needed to bring his complaint to our service as Virgin Money hadn't responded to him in the eight weeks that they indicated they would. So I do think they've let Mr G down here by providing poor customer service. I've considered what would be a fair outcome for the poor customer service. Virgin Money have offered Mr G £50. I'm persuaded that this is fair. I say this as £50 is in line with what our service would expect them to offer in these circumstances. I'm satisfied that this recognises the impact that Mr G had as a result of the poor customer service and the inconvenience he suffered as a result of this. So it follows Virgin Money should put things right for Mr G.

### **Putting things right**

Since this service's involvement, Virgin Money have agreed to pay Mr G £50 for poor customer service, which I think is reasonable in the circumstances.

**My final decision**

I uphold this complaint in part. Clydesdale Bank Plc trading as Virgin Money should pay Mr G £50 compensation (less anything they have already paid him) for poor customer service.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 14 August 2023.

Gregory Sloanes  
**Ombudsman**