

The complaint

Mr H complains that Clydesdale Bank Plc trading as Virgin Money are not allowing him to fully contribute his 2022/2023 Individual Savings Account (ISA) allowance into a fixed rate ISA he holds with them.

What happened

Mr H opened a fixed rate ISA with Virgin Money in July 2022 and he deposited £10,000 of his ISA allowance into the account. He later transferred a stocks and shares ISA into the account, but he now finds he is unable to deposit any other funds into the account due to a 30 day limit that Virgin Money impose on the account, which he says this has effectively resulted in him being unable to fully utilise his full 2022/2023 ISA allowance. Mr H says he complained about this to Virgin Money, but he didn't receive a reply or acknowledgement, so he wrote to them a further three times asking for a reply. Mr H brought his complaint to our service.

Virgin Money partially upheld Mr H's complaint and offered him £50 compensation (after our service's involvement) for the customer service he had regarding his complaint. But they said the key product information sheet explained the 30 day limit for making deposits into the account, so they were not at fault for Mr H being unable to add to the account after 30 days.

Our investigator said the key product information Mr H was provided with informed Mr H that Virgin Money must receive all money within 30 days of his account opening date. She said Virgin Money made it clear how their fixed rate ISA's worked.

Mr H asked for an ombudsman to review his complaint. He made a number of points. In summary, he referred to the ISA regulations 1998 and he said there is no leeway for banks to make up their own rules. He said in attempting to set their own rules, at variance to regulations covered by legislation, Virgin Money prevented him from making use of his full ISA Allowance in the tax year 2022/2023.

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.

I'd like to explain to Mr H that it is not within this service's remit to tell a business what the terms and conditions of a product should be 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 their terms and conditions/key product information if necessary.

I've considered what Mr H has said about the ISA regulations, no leeway for banks to make up their own rules and Virgin Money have prevented him from making the full use of his ISA allowance for the tax year 2022/2023. But I'm not persuaded that Virgin Money have contravened the ISA regulations 1998. And they have not prevented him contributing his full ISA allowance or made up ISA rules and I'll explain why.

Mr H initially deposited £10,000 into the fixed rate ISA. But he could have contributed up to the £20,000 ISA allowance, so they have not prevented him from contributing his full ISA allowance for the 2022/2023 tax year. The key product information sheet which sets up how the account works is clear that *“To ensure money is accepted into your new account we must receive all money within 30 days from your account opening date. Any deposits received after 30 days may be returned to you.”* A window to deposit is not uncommon on fixed rate ISA’s across the industry.

So as Mr H agreed to the terms/key product information, he should have been aware that any contribution must be received by Virgin Money within 30 days. If Mr H wanted to pay funds into an ISA after 30 days of opening the account, then it would have been proportionate for him not to open this account after this was made clear to him as more flexible ISA’s may have been available for him to open. So as he had 30 days to pay in his 2022/2023 allowance then I can’t agree that Virgin Money prevented him from using his full ISA allowance for the tax year.

But Virgin Money had let Mr H down with the customer service they provided him. I say this as it would have been distressing for him to receive no reply to his correspondence. And he would have been inconvenienced by having to chase this up. Virgin Money offered Mr H £50 for the poor customer service here after our involvement, and I’m satisfied that this is fair. I say this because this is broadly in line with what I would have awarded him if Virgin Money did not partially uphold his complaint. So Virgin Money should pay Mr H the £50 they offered him after his complaint was brought to our service if they haven’t already done so.

Putting things right

Since this service’s involvement, Virgin Money have agreed to pay Mr H £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 H £50 compensation (if they haven’t already done so) for poor customer service.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr H to accept or reject my decision before 2 August 2023.

Gregory Sloanes
Ombudsman