

The complaint

Miss S complains that Clydesdale Bank Plc trading as Virgin Money locked her out of her account and provided her with poor customer service.

What happened

Miss S says that around October 2021 she called Virgin Money as she had been locked out of her mobile phone application (app). She says as her account was being charged interest her plan was to get access to her online account and find out the balance so she could make a balance transfer to a third party credit card, which offered a 0% promotional interest rate. Miss S was told she had failed security and her account was locked, but she believes this is because the call handler couldn't understand her accent.

Since then, Miss S says she has made multiple phone calls and visited the branch several times to regain access to her account, but the call handlers tell her they can't discuss her account and the branch turned her away. She says they did not raise a complaint for her and due to personal circumstances she gave up pursuing this until she received communication from Virgin Money regarding persistent debt. She says when her personal circumstances improved, she went to a different branch who were more helpful. But when she provided identification to Virgin Money, they rejected this. Miss S made a complaint to Virgin Money.

Virgin Money did not uphold Miss S' complaint. They said although she had provided them with documents already, these were not approved by their fraud department, therefore they needed to be resent. They said as a gesture of goodwill, they would apply a one month interest waiver to the account. Miss S brought her complaint to our service.

Our investigator partially upheld Miss S' complaint. He said Virgin Money sent her a contact us email and they confirmed to him that they now have the acceptable identification needed, so Miss S just needs to call them and complete identification verification over the phone so Miss S can have full access again. Our investigator said in recognition of the significant inconvenience caused, including branch visits she made and the number of phone calls which Virgin Money could've dealt with better, they should pay Miss S £300 compensation. Miss S asked for an ombudsman to review her complaint as she wanted Virgin Money to refund the interest charged on the account. She said she didn't have a copy of the contact us email Virgin Money sent her.

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.

Firstly, I'm aware that I've only summarised Miss S' complaint points. And I'm not going to respond to every single point made by her. No discourtesy is intended by this. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I'd like to explain to Miss S that it is not within this service's remit to tell a business how to run their security procedures in order for the business to be satisfied they are meeting their regulatory requirements, such as when they should block an account or remove a block. 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 policies and procedures, if necessary.

Virgin Money and Miss S do not agree on some of the facts, for example, the dates of certain things, such as when the block was applied. When it comes to complaints where it's one word against another, I have to consider the evidence available to me. I then have to weigh the evidence against the balance of probabilities, that is, what's more likely to have happened in the circumstances. In order to do this, I've considered all of the information that Miss S has told our service, and I've requested extra evidence from Virgin Money to determine what is likely to have happened here.

Due to the system notes, it appears the card watch (block) was placed on her card on 11 August 2021. So while Virgin Money had previously told us it was in July 2021 (and Miss S believed it was around October 2021), I'm satisfied the block was placed on 11 August 2021.

I've listened to a call that Miss S had with a call handler on 10 August 2021. She tells the call handler she had just logged into the app for the first time in a while and she can see a direct debit coming out and she thinks it is fraudulent. The call handler asks Miss S security questions, but she doesn't pass security. I'm not persuaded that this had anything to do with Miss S' accent as Miss S was unable to answer some of the security questions he asked her. But he did say he would arrange a call back from their daytime security team and they would give her a call between 8am-12pm, the following morning as the team weren't open at the moment. Miss S tells the call handler this isn't good enough and asks to speak to a manager. The call handler says he would try and find a manager, but he didn't know whether they could speak to her since she failed security and they would tell her the same thing. The line is disconnected.

It's not clear why the line was disconnected. And there are no other call recordings available from 2021 that Virgin Money can forward me. Miss S has said on her complaint form to our service that she tried a second time ringing Virgin Money, but she was told her account was blocked for failing security. So it does appear that Miss S was aware her account was blocked.

Banks and building societies have an obligation to try and keep their customers' accounts safe. So if a caller can't answer security questions and the bank deems the caller has failed security, then they may block a card to try and safeguard the account. This can cause distress and inconvenience to a customer – but it doesn't necessarily mean they have acted incorrectly.

Virgin Money sent Miss S a letter dated 11 August 2021. I can see this was addressed to the registered address Virgin Money held for her. This tells her *"So you can continue to use and discuss your card, we need you to send us proof of your identity and address. In the meantime as an additional security measure we have traced a temporary block on your card until we receive this information"*. There is a list of identification documents that she could send them and the letter says they had enclosed a pre-paid envelope or she may wish to use special delivery if she is sending original documents.

But there is no indication that Virgin Money ever received any documents from Miss S in August 2021 or shortly thereafter. Looking at her app activity, the last time she had logged into the app was on 11 August 2021 – the day that her card later became blocked. The next time she tried to login to the app was an unsuccessful attempt on 12 July 2022, nearly a year

later. I know Miss S has said in her complaint form that she visited the branch and they turned her away, but the letter did not ask her to visit a branch and it gave her clear instructions what she needed to do for the block to be removed.

Miss S told us that she tried to complain but they wouldn't log a complaint for her and around this time she gave up due to personal circumstances that I won't go into detail here, but I can assure her I've read what she said about this. It was only when she received a letter regarding persistent debt that she tried to progress the situation, but she was unable to do so. When her personal circumstances improved in July 2022, she was able to visit a different branch who took ownership, but Virgin Money did not accept the identification. This meant Miss S made another branch visit in August 2022 with further identification.

I can see from Virgin Money's system notes that they received the identification on 19 August 2022, they were reviewed on 22 August 2022, and they were approved and verified on 4 September 2022. Virgin Money have provided us evidence that they sent Miss S an email for her to contact them on 6 September 2022 at 9:15am. Their software shows that Miss S actually opened this email at 9:18am. Although I don't have a copy of the email, I'm satisfied Virgin Money sent this, it was delivered to Miss S and she opened this.

I've considered that Miss S has told our investigator that she didn't have a copy of the email, but she waited around one month after sending identification to Virgin Money the second time and she was told she couldn't get an update on the account which was locked, so she did try and ring them and follow this up. But her letter on 11 August 2021 appeared to give her a specific phone number to ring if she had any questions, so it's possible that the email Virgin Money sent her in September 2022 also contained a separate number for her to call as opposed to the customer services telephone number that she had been ringing who consistently told her they couldn't help her.

I'm aware that Miss S now has access to her account. I can see from her app login records that she logged into her account successfully on each day between 4-7 July 2023. I've considered what would be a fair outcome for this complaint. I've noted the strength of feeling that Miss S has about how the interest should be refunded to her. But I'm not persuaded that this would be proportionate here for a number of reasons – and I'll explain why.

Virgin Money sent Miss S a letter in August 2021 when the block was first placed on the card and they showed her what she needed to do for the block to be removed, but there's no evidence from either side she took these actions. While I can't rule out that Miss S didn't receive this letter and that is why she didn't take the actions that were required in the letter, I can't hold Virgin Money responsible for any postal issues as this would be out of their control.

Although Miss S has said she wanted to complete a balance transfer to save interest, her promotional interest period finished on 9 May 2021 as indicated on her statements. And her card wasn't blocked until just over three months later, so Miss S had already been paying interest prior to the card being blocked. In addition to this, Virgin Money have confirmed to me that although there was a block on her card, this wouldn't have prevented a balance transfer being honoured by them. But Miss S doesn't appear to have instructed a third party credit card provider to make a balance transfer to her account. And Miss S should have been reasonably aware of what she owed Virgin Money prior to her card being blocked as her app activity shows she received her transaction list and got her statement on 11 August 2021. So it would not be proportionate for me to ask Virgin Money to refund the interest they legitimately charged her.

But that's not to say that Virgin Money haven't let Miss S down. They have - and on a number of occasions. It's not disputed how long Miss S has been on the phone to them or

the branch visits she's had. And it appears Virgin Money gave her incorrect information about what identification was needed which resulted in her having to provide different information. There's no doubt how distressing this process has been for Miss S during this process and the inconvenience Virgin Money caused her during this time. And while I note there were other channels such as Virgin Money's website where she could have registered a complaint much earlier, I don't find it good customer service from both the call handlers and staff of one branch refusing to raise a complaint on her behalf. While the call handlers may not have been able to verify her because of the block on the card, I'm not persuaded the branch staff originally wouldn't be able to verify her in person, prior to her being turned away from the branch.

Our investigator has suggested that Virgin Money pay Miss S £300 to recognise the impact of the distress and inconvenience and I'm satisfied that this is reflective of the impact Virgin Money's errors had on Miss S. As proven by the second branch she visited, the previous branch could have taken ownership which may have helped mitigate the distress and inconvenience that she suffered, but they didn't. So it follows that I'll be asking Virgin Money to put things right for Miss S.

Putting things right

Our investigator suggested that Virgin Money pays Miss S £300 compensation for distress and inconvenience, 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 Miss S £300 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 14 September 2023.

Gregory Sloanes
Ombudsman