

The complaint

Mr S is unhappy that Clydesdale Bank Plc, trading as Virgin Money, transferred the contents of his ISA to another provider without his knowledge or permission.

What happened

To briefly summarise: Mr S instructed an ISA transfer from Virgin to another provider (“the recipient bank”). But while his money did leave his Virgin account, it didn’t reach the recipient bank. This led to the transferred funds being recalled by Virgin several weeks later, after which Mr S abandoned the ISA transfer and moved a portion of the money from his Virgin ISA account to a non-ISA savings account.

Shortly afterwards, Mr S discovered that Virgin had transferred the money that remained in his ISA as an ISA transfer to the recipient bank. Mr S wasn’t happy about this as he hadn’t requested such a transfer and felt he’d made it clear to Virgin that he didn’t want the ISA transfer to the recipient bank to go ahead. So, he raised a complaint.

Virgin responded to Mr S and apologised for what had happened. They noted that the recipient bank had submitted a new transfer request, and because the request had been submitted electronically, it had been processed by Virgin automatically. Virgin accepted that they could have placed a block on Mr S’s ISA, given what had happened previously.

To put things right, Virgin arranged for the incorrectly transferred amount to be returned to the Virgin ISA account. And Virgin also offered to allow Mr S to return the money he’d transferred out of his ISA back into the ISA on a similar basis, so that it would be as if it had never been transferred out. Finally, Virgin offered to make a payment of £300 to Mr S as compensation for the trouble and upset he’d incurred.

Mr S didn’t accept Virgin’s offer to return the money he’d moved out of his ISA back into his ISA. And after the incorrectly transferred money was returned to his Virgin ISA, Mr S took that money out of the ISA account also. Finally, Mr S didn’t feel Virgin’s compensation offer of £300 went far enough, given the time and effort he’d expended on this matter and given that his money had now lost its ISA tax status. So, he referred his complaint to this service.

One of our investigators looked at this complaint. But they felt the response to Mr S’s complaint issued by Virgin already represented a fair resolution to what had happened. Mr S remained dissatisfied, so the matter was escalated 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’d like to begin by confirming that this service isn’t a regulatory body or a Court of Law and doesn’t operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or

unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

I also note that Mr S has provided several detailed submissions to this service regarding his complaint. I'd like to thank Mr S for these submissions, and I hope he doesn't consider it a discourtesy that I won't be responding in similar detail here. Instead, I've focussed on what I consider to be the key aspects of this complaint, in line with this service's role as an informal dispute resolution service.

This means that if Mr S notes that I haven't addressed a specific point he's raised, it shouldn't be taken from this that I haven't considered that point – I can confirm that I've read and considered all the submissions provided by both Mr S and Virgin. Rather, it should be taken that I have considered that point but that I don't feel it necessary to address it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.

Virgin have acknowledged that, following the abandonment of the initial ISA transfer request, they received a new ISA transfer request from the recipient bank electronically. And, because Virgin process electronically received transfers automatically, it was for this reason that this second ISA transfer request was acted upon by Virgin.

Virgin have also acknowledged that, given the difficulties that Mr S experienced with his initial ISA transfer request, including that he'd ultimately abandoned that request, they should have placed a block on Mr S's account which would have prevented what happened.

Where a business has accepted it made a mistake, as Virgin have here, it would generally be expected by this service that the business would act to return the complainant to the position they should be in, as much as reasonably possible, had the mistake never occurred.

In this instance, I think that Virgin did that here. I say this because the offers that Virgin made to Mr S – including the offer to return the money that Mr S had transferred out of his ISA back into his ISA, so that the ISA tax status of that money was restored – would have put Mr S back into the financial position he should have been in, with the full original balance of his ISA being restored.

Mr S chose not to accept Virgin's offer, and I note that in his letter to Virgin in which he declined the offer, Mr S explained:

"Regarding the opening of my old ISA account to allow the return of the £87,023.75 Virgin sent to [the recipient bank] in error, I have decided not to put it back into the ISA account... Also, I would not be interested in the potential return of the £70,000 amount to this ISA account before the end of the year to retain its tax-free status. I am happy for the Virgin ISA account ... to be closed.

The reason for this is that I no longer feel confident with this account after [the recipient bank] were able to access this account and transfer money out of it – without my permission or knowledge... I would simply not want to risk this happening again.

Following the return of the incorrectly transferred money to the Virgin ISA, Mr S withdrew that money from his ISA by cheque. And Mr S has explained to this service that he didn't want to transfer the already withdrawn money back into his ISA, as Virgin offered, because he didn't want to break any rules, and he feels that the fact that the full balance of his ISA account has now lost its ISA tax status hasn't fairly been considered.

But Mr S made no mention of a fear of breaking the rules in his letter to Virgin quoted above, and instead explained that it was a lack of confidence with Virgin that was the motivation to his decision not to accept Virgin's offer in that regard.

As such, given that Virgin had made an offer to Mr S that I feel was fair and reasonable and which would have resulted in the full balance of the ISA being restored so that it benefited from the ISA tax status, I don't feel Virgin should fairly be considered accountable for Mr S's money losing its ISA tax status as Mr S suggests.

Rather, I feel that it was Mr S's decision to withdraw the money from his ISA that led to the loss of the ISA tax status. And I feel that if Mr S had lost his confidence with Virgin, he could have restored the full balance of the ISA and then transferred that full balance to another ISA provider of his choosing, which would have retained the ISA tax status of his money.

Virgin explained to Mr S that their offers regarding the ISA balance as explained above were time sensitive and needed to be accepted before the end of that tax year. That date has now passed, and so I won't be instructing Virgin to take any further action in this regard.

Finally, Virgin offered to make a payment of £300 to Mr S, as compensation for any trouble and upset he may have incurred surrounding this matter. Mr S rejected this offer of compensation. However, while I accept that matters of compensation can be subjective, I do feel that the £300 compensation amount offered by Virgin here was fair, given the full circumstances of what happened. And I can confirm that it's commensurate with what I may have instructed Virgin to pay, had they not already offered to do so.

In arriving at this position, I've considered the impact of these events on Mr S, as he's described them, including that he had to make several branch visits when trying to resolve this matter. But I've also considered that Virgin processed to transfer having received a new request to do so from the recipient bank, as well as the reasonable offers made to Mr S by Virgin as previously discussed. And I've also thought about the general framework this service uses when assessing compensation amounts for upset and inconvenience – details of which are on this service's website.

All of which means that, while I will be upholding this complaint in Mr S's favour, I'll only be doing so to compel Virgin to make the £300 compensation payment they've already offered to pay – should Mr S accept this final decision. And I won't be instructing Virgin to take any further action beyond this point.

I realise this might not be the outcome Mr S was wanting, but I hope he'll understand, given what I've explained, why I've made the final decision that I have.

Putting things right

Virgin must make a payment of £300 to Mr S

My final decision

My final decision is that I uphold this complaint against Clydesdale Bank Plc, trading as Virgin Money, on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 4 September 2023.

Paul Cooper

Ombudsman