

The complaint

Ms Z complains about delays and poor service after she instructed an international transfer from her Clydesdale Bank Plc trading as Virgin Money bank account.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

On 15 November 2021 Ms Z instructed an international transfer of £70,000 from her Virgin Money bank account in branch. Ms Z was charged £25 for the service. Virgin Money has told us that the transfer request was returned to the branch on 17 November 2021 as it had used the wrong "swift" code. Virgin Money says its Sanctions Team sent Ms Z an email on 24 November 2021 asking for information about the proposed transfer.

Virgin Money's told us that it forwarded the transfer for processing on 30 November 2021. But Virgin Money's explained that due to human error the transfer wasn't made until 7 December 2021 when funds were forwarded to the beneficiary bank abroad.

Virgin Money's advised the funds were returned by the beneficiary bank on 7 December 2021. Virgin Money says that due to low resources and staffing levels, the transfer wasn't picked up until 13 January 2022 when it was paid back to Ms Z's account.

Ms Z has explained that she went on to complete a transfer with another bank and that her funds were paid into the destination account within 48 hours.

Ms Z complained about the delays and service provided, including being told she could complete foreign transfers of up to £30,000 via Virgin Money's app which was wrong. Virgin Money issued a final response and apologised for giving incorrect information about making international transfers via its app, paying Ms Z £125 for the distress and inconvenience caused.

An investigator at this service looked at Ms Z's complaint. They thought Virgin Money had dealt with Ms Z's complaint fairly and didn't ask it to do anything else. Ms Z asked to appeal and said the bank in the destination country had confirmed the funds were not received or subsequently returned to Virgin Money. Ms Z also said she'd spent time finding out about the correspondent bank used by the receiving bank and tried to trace the missing funds over a period of around two months. Ms Z went on to submit evidence to show the communications she'd had showing attempts to try and locate the missing transfer funds, including confirmation from the receiving bank that funds were never received from Virgin Money.

As Ms Z asked to appeal, her complaint was passed to me. I recently contacted Virgin Money for details of why the transfer was instructed on 15 November 2021 but not processed until 7 December 2021. As Ms Z asked to appeal, her complaint has been passed to me to make a decision.

What I've provisionally 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'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

I've looked at the full timeline of Ms Z's transfer attempt in order to see whether it was handled reasonably by Virgin Money. Having done so, I'm not persuaded that the current settlement of £125 paid to date is a fair way to resolve Ms Z's complaint. I'll explain why.

There appear to be several lengthy and unexplained delays with Ms Z's transfer. It was initially instructed in branch on 15 November 2021, but Virgin Money's explained there was a mistake. So the transfer instruction was sent back to the branch to correct the mistake. Virgin Money also says the transfer was picked up for further checks by its Sanctions Team on 24 November 2021 and an email was sent to Ms Z asking for more information. I haven't been given a copy of the email or confirmation of whether Ms Z responded. But on 30 November 2021, the transfer was forwarded for processing by Virgin Money. However, Virgin Money's confirmed that due to human error the transfer wasn't actually processed until 7 December 2021.

That means that despite Ms Z instructing the transfer on 15 November 2021 and subsequently contacting both Virgin Money and the receiving bank for updates, it wasn't actually processed and approved for around three weeks. I haven't seen anything that shows Ms Z was updated about the process of her transfer during this period or that she was told the payment wasn't sent until 7 December 2021. I'm not persuaded the way Ms Z's transfer instruction was handled is reasonable.

Virgin Money's file shows the payment was actually returned to it on the same day it was sent – 7 December 2021. Virgin Money's file says an email had been received from a "repair team" on 7 December 2021 notifying that the funds had been returned by the receiving bank. But because of staffing level issues, no action was taken by Virgin Money until 13 January 2022. That meant £70,000 was held by Virgin Money for around three weeks before it was repaid to Mr Z's account. And I haven't seen anything that shows Virgin Money told Ms Z her funds had been received back during this period. That meant, Ms Z continued to pursue the receiving bank and its intermediary for answers when the funds were with Virgin Money. Given the amounts involved and fact Ms Z had originally instructed the transfer on 15 November 2021, I can understand how upset and frustrated she must've been during the period in question.

I need to decide how to fairly resolve Ms Z's complaint. Virgin Money paid Ms Z £125 in compensation for incorrectly telling her she could complete international transfers of up to £30,000 via its app. And I'm satisfied that's a fair payment for that issue. But I'm not persuaded the compensation paid to date fairly recognises the delay in completing the transfer, lack of updates to Ms Z or the delay in repaying the funds to her account. Ultimately, the funds were missing for a period of around two months and returned to Ms Z. As far as I can see, the funds remained with Virgin Money almost entirely during that period and I haven't seen anything that reasonably explains the various delays Ms Z experienced.

Based on the available evidence, I intend to tell Virgin Money to increase the settlement and pay Ms Z a further £350 for the distress and inconvenience caused by the way it handled her transfer request.

I invited both parties to respond with any additional comments or information they wanted me to consider before I made my final decision. Virgin Money confirmed it was willing to accept.

Ms Z responded and said a property purchase and investments had fallen through as a result of the delays in sending her funds abroad. Ms Z added the proposed settlement didn't reflect her financial loss.

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.

In response, Ms Z has explained that the funds were intended for investment purposes and to purchase a property. But I've listened to Ms Z's calls with Virgin Money along with the call when she referred the complaint to us. Ms Z explained she was transferring funds to her son who lives abroad. I haven't seen any reference to investments or property purchases until Ms Z responded to the provisional decision.

So I think it's reasonable to proceed on the basis Ms Z was sending funds to her son who lives in another country, as she has said. I appreciate Ms Z's son may have delayed or had to make other plans as a result of the delays experienced. But as a service, we can only compensate a customer of the businesses being complained about. We can't award compensation for third party losses. And as I'm satisfied Ms Z was sending funds to her son when she instructed the transfer, I haven't found reasonable grounds to award further compensation to cover their losses.

I've reviewed the file again and remain of the view that an additional £350, taking the total award to £475, fairly reflects the level of distress and inconvenience caused to Ms Z. So whilst I note Ms Z's comments, I haven't been persuaded to increase the award further. I still think Ms Z's complaint should be upheld with Virgin Money paying an additional £350 for the distress and inconvenience caused, for the same reasons.

My final decision

My decision is that I uphold Ms Z's complaint and direct Clydesdale Bank Plc trading as Virgin Money to pay her a further £350 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms Z to accept or reject my decision before 18 September 2023.

Marco Manente
Ombudsman