

## The complaint

Mr M complains about the service provided by Clydesdale Bank Plc, trading as Virgin Money ('Virgin'), in connection with his fixed rate ISA.

## What happened

Mr M had a fixed rate cash ISA with Virgin which matured on 24 June 2023. In advance of this date Mr M didn't provide Virgin with any instruction regarding what he wanted to do with the funds and so it automatically transferred them to an easy access cash ISA.

Mr M said around this time he'd made numerous attempts online to transfer some of the money to another Virgin ISA but was unable to do so as the website wouldn't allow a partial transfer. Mr M said he then phoned and spoke to Virgin but couldn't get a resolution. So he emailed Virgin on 26 June 2023 to complain. He explained his intention was to move some of the money away from Virgin as he'd exceeded the FSCS compensation cap. He also said he was losing interest on his funds as a result of not being able to make this transfer.

Mr M didn't receive a response and so he re-sent his complaint email to a different Virgin email address on 29 June 2023. He followed this up with an email on 6 July 2023 and on 7 July 2023 he received an acknowledgement to his complaint explaining Virgin could take up to eight weeks to respond.

Mr M remained unhappy and brought his complaint to our Service. He noted he hadn't agreed to his funds being transferred to the easy access ISA and felt the restrictions on the transference of his funds were biased in Virgin's favour – he didn't think it was fair he couldn't transfer part of the funds. He also felt it was *'blatant profiteering'* that Virgin had chosen an account with such a low interest rate. Mr M was also unhappy with how long Virgin had taken to respond to his complaint.

To put things right Mr M wanted a non-generic explanation and apology. He wanted to understand why Virgin had placed his matured ISA into a low interest account and reimbursement for the fact he wasn't allowed to reinvest. He also wanted compensation for the time, effort and distress caused.

Virgin looked into things, but it didn't uphold Mr M's complaint. It said the last record it had of telephone contact from Mr M was 3 September 2020. It stated that it never received his email dated 26 June 2023 and had no record of the calls Mr M said he made; albeit it offered to consider further evidence Mr M might have demonstrating these attempts to contact it. It said the transfer of his ISA was made in line with the terms and conditions of the account.

Virgin explained to Mr M that he could complete a partial transference of his funds but to do so he would first need to open a new ISA account. It explained the process to do that.

Mr M remained unhappy. He said he had called and emailed Virgin and provided evidence to support his testimony. He noted it had taken Virgin until 28 September 2023 to send its final response letter (FRL) providing instructions on how to use his account and said this could

have been done in the call he made on 26 June 2023. He said he was not permitted a partial withdrawal and that this was unfair.

Our Investigator looked into things and didn't uphold the complaint. They noted Mr M's email of 26 June 2023 was sent to an inactive address. They also observed that Mr M was able to transfer partial amounts from his ISA but that Virgin had no record of Mr M having opened an ISA to make this partial transfer to. They outlined that Virgin had eight weeks to respond to complaints as per the FCA guidelines and had responded on 8 August 2023, within this period.

Mr M disagreed with their findings. He raised a number of points including the fact he didn't receive Virgin's FRL until late September 2023. Mr M also said he didn't get an undeliverable message in relation to his email of 26 June 2023. So, the complaint was passed to me to decide.

I asked for more evidence from both parties to help me determine whether mistakes had been made and what the appropriate redress was. As part of this, Mr M said he'd been unable to complete the partial transfer after receiving the instructions in the FRL and had instead re-invested the entire amount in a new one-year fixed rate ISA with Virgin in October 2023, which is not what he had wanted to do. Mr M said he felt he would have been liable for losses if he'd attempted the partial transfer. He said he thought he would be charged for the partial withdrawal given the account he was opening was a one-year fixed rate ISA, and that the transfer request via a different bank might be refused causing him embarrassment. Mr M also highlighted that the process for a partial transfer wasn't explained in any of the account documentation.

After reviewing the evidence, I was minded to reach a different outcome to the Investigator. I issued a provisional decision so that Virgin and Mr M could have the opportunity to comment before a final decision was made. In brief, I said that I didn't think Virgin had provided Mr M with clear guidance on how to make the partial transfer when he contacted it initially. And had it done so, I think the transfer could have taken place earlier, so I felt Virgin ought to compensate Mr M for the loss of interest during this time and pay him £150 compensation for the distress and inconvenience caused. However, I didn't think Virgin did anything wrong when the ISA matured initially.

Virgin accepted my provisional decision. Mr M welcomed my findings but felt £150 wasn't a true reflection of the eight months of unnecessary stress and inconvenience he'd experienced. He suggested the award should be increased pro rata.

I'm now in a position to issue a final decision on this complaint.

### **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.

The key product information document and terms and conditions of the account that matured in June 2023 clearly state that after the fixed rate period ends the account will become a variable rate Cash ISA.

Whilst Mr M thinks this policy is unfair due to the low interest rate paid, I'm not persuaded this is the case. Ultimately Virgin needed to do something with the funds when the ISA matured, and it had received no instruction from Mr M. Whilst Mr M was unhappy with the default option due to the low interest rate, the requirements of customers will vary. Some would prefer to retain penalty free access to their funds – something that is offered by

the variable rate Cash ISA and isn't offered by ISAs with higher interest rates. Ultimately, what I'd expect Virgin to do is to clearly outline what would happen with the funds when the ISA matured, which I think it did – so I don't think it did anything wrong here.

I'm satisfied Virgin has now provided Mr M with clear instructions on how to carry out the partial transfer. I realise that Mr M has said he still felt he wasn't able to do the partial transfer as he was concerned about risk. I'm sorry to hear that he was so worried about the transfer, but I don't think this is something I can fairly hold Virgin accountable for.

I think Virgin gave Mr M clear instructions on how to carry out the partial transfer in its FRL. I don't think these instructions suggested Mr M would need to move all of the funds to his new ISA and thus carry a risk of incurring penalty fees. The instructions said he needed to set up a new ISA with Virgin with a nil balance, then tell Virgin what proportion of the funds he wanted transferred from the old to the new ISA, and then set up his second new ISA with another bank and put in a transfer request to the old ISA account for the remaining funds.

I'm aware Mr M has also pointed out that this partial transfer process isn't explained anywhere in the documentation for the account. I've thought about this but I'd note that guidance documents aren't comprehensive account management guides – so I wouldn't necessarily expect them to cover every scenario or include step by step instructions.

What I would expect is for Virgin to provide clear guidance about this process to customers in a timely manner when it's asked for. And I don't think it did this for Mr M - I'll explain why.

Whilst Virgin couldn't locate any call records when it first considered Mr M's complaint, our Service made further enquiries and Virgin has now found a partial call recording from 26 June 2023. In this call Mr M rings to explain what he wants to do with his ISA and that he's been unable to do a partial transfer online. He is then put through to another department to discuss his account. However, Virgin could not locate the second part of this call on its system.

Based on this, I'm satisfied Mr M rang Virgin on 26 June 2023, as he suggested, that he clearly explained what he was looking to do and that he was having difficulties doing so. And the only evidence I have in relation to the rest of this call is Mr M's testimony, which is that he didn't get the instructions he needed. This is supported by the fact he subsequently raised a complaint about the difficulties he was having. I'm satisfied clear instructions ought to have been provided at this stage and so, on balance, I do think Virgin missed an opportunity to provide the information it ought to have in this call. In reaching this conclusion I have thought about the fact Mr M didn't make the partial transfer when he was later provided with the instructions in the FRL. However, I'm satisfied that his concerns about the transfer process at this stage were informed by the lack of response from Virgin over the preceding three months, so I don't think the two situations (and therefore Mr M's response) are sufficiently comparable to undermine Mr M's testimony.

I'm also satisfied Mr M attempted to email Virgin with a complaint on 26 June 2023 and the 29 June 2023, again outlining what he wanted to do. And whilst the first email address he contacted was no longer operational, the second was. In addition, I agree that it ought to have responded to Mr M's complaint sooner - it clearly missed the complaint response deadline.

I appreciate Mr M thinks it's likely Virgin gave him the incorrect email address when he called on 26 June 2023 but I'd note he hasn't suggested specifically recalling this – just that he thinks it's likely. In the absence of any additional evidence on this issue, I don't think it's most likely Virgin gave him outdated contact information.

So, I now need to think about how to put things right.

Whilst Mr M thinks Virgin is responsible for the fact his funds are now in excess of the FSCS compensation scheme cap, I don't think it is responsible for this for the reasons outlined above. I think Mr M was provided with the information he needed to make a partial transfer in the FRL.

But I do agree he would have taken action sooner to move his funds if he'd had a prompt response to his enquiries. There was a delay of three months and two days and so I think Virgin should pay Mr M the difference between the interest rate of his easy access ISA (where the funds were moved to when they matured in June 2023) and the one-year fixed rate ISA he opened in October 2023 for that length of time.

I have thought about Mr M's observation that it's taken eight months for him to get a fair outcome on his complaint. And I don't doubt it's been frustrating for him to not have the matter resolved until now. However, I also need to take into account that Mr M did get the information he needed from Virgin to resolve the ISA transfer issue within three months. Taking everything into account, I remain of the opinion £150 is a fair award in all the circumstances as compensation for the inconvenience and frustration Mr M has experienced due to Virgin's errors.

### **My final decision**

For the reasons outlined above, my final decision is that I uphold this complaint. I direct Clydesdale Bank Plc, trading as Virgin Money, to:

- Pay Mr M the difference between the interest rate of his easy access ISA (where the funds were moved to when they matured in June 2023) and the one-year fixed rate ISA he opened in October 2023, for a period of three months and two days.
- Pay Mr M £150 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 22 April 2024.

Jade Cunningham  
**Ombudsman**