

## **The complaint**

Mr G complains that Clydesdale Bank Plc trading as Virgin Money rejected a cash Individual Savings Account (ISA) transfer, that a transfer he'd made to an external account was put on hold, and that he had to attend a branch after receiving an error message when he applied for a new ISA.

## **What happened**

Mr G requested a third-party bank transfer his existing Virgin Money ISA. The third-party bank says this was rejected, but Virgin Money said it hadn't received a request to transfer the ISA. Mr G later opened a new ISA with Virgin Money and transferred the balance into that account, but Virgin Money received a further request from the third-party bank to transfer the balance on the previous ISA and sent £63 to the third-party bank.

In February 2023, Mr G attempted to transfer funds from his bank account with Virgin Money to an external account. Virgin Money suspected that the payment may be fraudulent and placed the payment on hold. When Virgin Money called Mr G to verify the payment, he asked that it be cancelled.

Mr G opened a new ISA with Virgin Money on-line but when he did, Mr G received an error message that asked him to go into a local branch. When Mr G attended the branch, he was told the account had been opened and Virgin Money could find no error message.

When Mr G complained to Virgin Money it said it hadn't rejected the initial ISA transfer request and because it had reasons to believe the external payments Mr G may have been fraudulent, Virgin Money didn't uphold that complaint. Virgin Money apologised that Mr G had received a message asking him to go into a local branch even though his new ISA had been successfully opened on-line. Virgin Money paid Mr G £50 for the inconvenience this caused.

Mr G brought the complaint to the Financial Ombudsman Service and one of our Investigators looked into things. The Investigator thought that Virgin Money hadn't rejected the initial ISA transfer request and that it was likely it had been sent to the wrong business. The Investigator thought that Virgin Money didn't do anything wrong when it sopped the external transfer Mr G attempted as it suspected it may be a fraudulent payment. The Investigator thought the payment of £50 that Virgin Money paid Mr G was a fair and reasonable outcome to resolve Mr G's complaint that he had to attend a branch, even though his new ISA had been opened on-line.

Mr G asked that an Ombudsman decide the 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.

I understand that Mr G will be disappointed, but for very much the same reasons as our

Investigator, I've decided that the £50 Virgin Money has already paid Mr G is a fair and reasonable remedy for this the complaint. I will now explain why.

#### *Initial ISA transfer request*

There's no evidence that Virgin Money received a valid transfer request from the third-party bank. I don't doubt that Mr G instructed the third-party bank to transfer the ISA, but I think it's more likely than not the instruction didn't reach Virgin Money. The transfer process relies on the third-party bank submitting an on-line request to the existing ISA provider. This system is fully automated, so it relies on the correct bank details for the account being transferred to be input. In this case, as there's no evidence that Virgin Money received the initial transfer request, I think it's more likely than not that the third-party bank may have used an incorrect sort-code for Virgin Money.

I appreciate that Mr G feels that the several types of Virgin Money accounts – some of which were heritage accounts – is confusing. I understand Mr G view in this regard, but it's down to the new ISA provider to ensure it has the correct details, and the correct details are included in a database that is available to all ISA providers. Taking this into account, I can't fairly hold Virgin Money responsible for the third-party saying the transfer had been rejected when I can't see that Virgin Money ever received the request.

In his comments to our Investigator, Mr G says that Virgin Money has since sent £63 to the third-party bank, but that he didn't instruct Virgin Money to do this. I can see from the evidence Virgin Money provided that the third-party bank requested an ISA transfer in April 2023. As I've previously explained, the process for a cash ISA transfer is fully automated, and it seems more likely than not Virgin Money transferred any remaining money in his old ISA account to the third-party bank as it was requested to. If Mr G didn't authorise this transfer through the third-party bank, then I would suggest that Mr G contact the third-party bank to establish why it submitted this transfer request.

#### *External payment*

On the 11 February 2023, Mr G attempted to make payment to an external account. Virgin Money put the payment on hold as it said its automated fraud detection system had flagged as potentially fraudulent. The terms and conditions for Mr G's account explain that Virgin Money may contact Mr G by telephone following receipt of instructions to send an electronic payment to confirm security details prior to releasing the payment. And that Virgin Money may not release the payment until it has obtained such confirmation from Mr G.

Virgin Money has provided evidence that it attempted to call Mr G on 11 February to verify the payment, but when speaking with Mr G he asked for the transfer to be cancelled.

I can't tell Virgin Money that it shouldn't have put the external transfer on-hold. It's up to Virgin Money what criteria it uses to protect its customers from potential fraud. In this case, I'm satisfied that Virgin Money acted promptly and in line with the processes it follows – which are explained in its terms and conditions – and that it didn't treat Mr G unfairly.

Mr G says the transfer was intended to be used to purchase airline tickets that subsequently increased in price after the payment was put on hold. I acknowledge that Mr G is upset that this happened, but as I'm satisfied Virgin Money was following a process it had in place to protect its customers from fraud, it would be unfair for me to tell Virgin Money to pay any difference in the price of the tickets.

#### *New ISA with Virgin Money*

Mr G says that when the ISA transfer didn't complete, he attempted to open a new ISA account with Virgin Money on-line. When he did this, Mr G says he received an error message that told him to visit a local branch to complete the application. When Mr G got to the branch Virgin Money confirmed the ISA had been opened. Virgin Money hasn't been able to provide a copy of the error message Mr G says he received but has accepted that going to the branch and finding the account was already open would have been inconvenient for Mr G. Virgin Money paid £50 into Mr G's bank account for the inconvenience this caused. This is a fair and reasonable one to resolve this part of the complaint. I'm satisfied it reflects the short-term impact on Mr G and the inconvenience it caused him, so I won't be asking Virgin Money to do anything else.

### **My final decision**

I've decided the £50 Clydesdale Bank Plc trading as Virgin Money has already paid Mr G is a fair and reasonable remedy in the circumstances of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 12 March 2024.

Paul Lawton  
**Ombudsman**