

## The complaint

Mr D complains that he isn't able to access the best interest rates available with Clydesdale Bank Plc trading as Virgin Money ("Virgin") because those are only available online, and Mr D requires additional support to apply for an online bond, which Virgin won't provide.

## What happened

Mr D said he has held bonds with Virgin for several years. He had an existing instant access bond, but he wanted to move that money into a new fixed term bond, at 3.85%. This bond is only available online. Mr D said he wasn't able to open this himself, due to his dyslexia. And Virgin wouldn't help. Mr D said that the bonds he was able to open in store offered very significantly lower rates of interest, and he thought this was prejudice.

Virgin didn't think it had done anything wrong. It said it had taken a commercial decision on how to provide its products, and not all of these were available in store or as postal accounts. All applications for the sort of bond Mr D wanted, with the highest available interest rate, need to be made online.

Our investigator thought this complaint should be upheld. She said Mr D had visited a Virgin branch and asked to open the online bond, and she understood that Virgin was aware of his dyslexia. She said Virgin is entitled to offer certain rates via specific channels, but Virgin still has a responsibility to help customers who may have difficulty with making this type of application, but are otherwise willing to manage their account in this way.

Our investigator said Mr D had told us he was willing to make his application online, with support. So our investigator said this support should have been offered to Mr D in the branch. Virgin could have read out the application steps to Mr D, and helped him to input the information. Mr D could then manage his account himself, with other support.

Our investigator said she'd accepted Mr D's account of what happened in branch, that he wasn't offered any help, because that fit with what Virgin then said in its complaint response letter. So she thought Virgin should pay Mr D £100 in compensation, and should arrange a branch appointment with him to assist him in going through the online application process and set communication preferences.

Mr D indicated that he would accept that resolution. But Virgin said it wouldn't. It would pay the compensation our investigator suggested, but wouldn't help Mr D to make an application. Virgin said it had taken a business decision to become a digital bank. And it said these accounts were designed to be opened and managed online only. Additionally, there was no option to receive documents other than online. So these accounts weren't intended to be opened or serviced in a store. And if Mr D didn't feel able to open an account online, Virgin said that this was unlikely to be the right product for him.

Virgin thought it wouldn't be appropriate for it to suggest Mr D got third party help in opening his account, and it wouldn't offer that help. It said it would meet with Mr D, as a gesture of goodwill, but it wouldn't read out anything on a screen to help him with an application, or input any details for him. Virgin asked us to reconsider.

Our investigator didn't change her mind. She said there was nothing stopping Virgin from assisting Mr D to open an account in branch, or suggesting third party help, when he visited. She couldn't see why a branch member couldn't read out what was on a screen for Mr D, and she said that whether this account was suitable for him could have been discussed in branch. She also noted that an appointment wasn't offered until we investigated.

Our investigator didn't think Virgin had done all it could to assist Mr D.

Virgin still disagreed. It said it wouldn't advise customers on account opening. It would meet with Mr D as a one-off gesture of goodwill, but this wasn't an option for any other customer, and isn't normal day to day practice, so it wasn't offered before our investigation. Virgin didn't think there was more it could have done for Mr D, and it wouldn't improve or amend its offer to meet with him but not support him in making his application.

Because no agreement was reached, this case then came to me for a final decision. And I then reached my provisional decision on this case.

### **My provisional decision**

I issued a provisional decision on this complaint and explained why I did propose to uphold it. This is what I said then:

Although the facts of this case occur before the new consumer duty came into force, they do not predate the FCA's longstanding guidance for dealing with vulnerable consumers. That says businesses should understand the needs of their target market / customer base, ensure their staff have the right skills and capability to recognise and respond to the needs of vulnerable customers and respond to customer needs through product design, flexible customer service and provision and communications. It may also be worth mentioning here that, separately to the FCA's guidance, businesses also have a legal obligation to provide reasonable adjustments for customers who have a disability.

Virgin's response to Mr D's request to open an online bond, and to our investigator's subsequent suggestions that Virgin ought to support Mr D, do not appear to me to have offered flexible customer service and provision. Our service hasn't suggested that Virgin needs to change how this bond is offered to customers. But our investigator did suggest that Virgin ought to have had a conversation with Mr D about the support it could offer, and about changes it could not make.

I think that's right. So Virgin could have explained to Mr D that there was no paper option with this account. And it wouldn't be able to carry out his day to day banking on the account for him. But I think it could, and should, have offered to read out the questions shown on a screen, to allow Mr D to complete an online application, if he was otherwise happy that he would be able to manage the account once it was open.

Typically, customers will have little interaction with a fixed term bond before it matures, so it seems likely that Mr D would, as he said, have been content with this, and would have taken up Virgin's offer of limited support.

However, throughout the time that this complaint has been with our service, Virgin has remained adamant that it cannot offer Mr D this level of support. I don't think it's appropriate for our service to require Virgin to offer Mr D support which it is so unwilling to provide. That's because I think that support like this would require some level of

goodwill to function properly, and sadly I cannot be confident this goodwill is likely to be forthcoming.

So I think that an alternative resolution is appropriate here. I will require Virgin to pay Mr D the difference between the interest Mr D earned on the money held in his existing flexible access bond, which Mr D wanted to change for an online bond, and the best one year fixed online bond which was available at the time Mr D registered his complaint, and obtained a receipt for that. I think this is the latest date at which Virgin ought to have provided Mr D with assistance. Virgin has told us the best one year bond it offered at that time paid 3.85% interest.

I asked Virgin when Mr D handed in his letter of complaint, and it said that this was 21 February 2023. So I'll ask Virgin to pay this difference in interest between the date Mr D made his complaint, and the date my final decision in this case is issued.

I think it's then appropriate to recognise that, without the kind of support that our investigator repeatedly suggested Virgin should offer in this case, Mr D is unlikely to have a working relationship with Virgin going forward. It seems most likely that Mr D will have to move his money in future if he wants to get a better interest rate, as Virgin has made it clear it doesn't intend to assist Mr D. Because opening new accounts elsewhere is a far more daunting prospect for Mr D, due to his dyslexia, I will also require Virgin to pay more compensation. I think Virgin should pay Mr D £500 in compensation.

My provisional decision is that this would provide a fair and reasonable outcome in this case.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

### **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.

Mr D replied to say he wanted to accept my provisional decision.

Virgin said it was disappointed to note Mr D's experience. It said it is a digital bank, but that doesn't mean it has no duty of care to its customers. It said that the level of support it can provide, at this time, may not always meet the needs of all of its customers. It accepted it hadn't been able to offer Mr D the assistance he needed, and it said it had learned from this case, which had been escalated to its vulnerable customer team.

Virgin said it would pay Mr D the £500 in compensation that I'd suggested. It would also pay Mr D the difference between the rate Mr D was earning on his Easy Access Saver Reward account, and 3.85%, which was the interest rate payable on the online Fixed Rate Bond he wanted to open. Virgin thought it was fair for it to do this up until Mr D closed his Virgin account, on 5 September 2023. It said that the balance of the account before this was £261.13 between 21 February 2023 until 5 September 2023 (which Virgin said was 167 days) and so it thought it owed Mr D £4.93 for this period.

Virgin also provided some new information in this case. It said that the same day Mr D had lodged his complaint, 21 February 2023, Mr D had taken out £169,750 from his Virgin account. So Virgin said it couldn't tell what interest Mr D then earned on that money. But Virgin said if Mr D had secured a rate lower than the 3.85% available on the bond he wanted

at that time, then Virgin would cover the difference between 21 February 2023 and when my final decision was issued.

Virgin asked our service to find the rates that Mr D had earned on these funds during that time.

I contacted Mr D, and told him that now I understood he had moved the bulk of his savings out of Virgin in February 2023, I thought the alternative resolution Virgin had proposed was fair, and in keeping with the spirit of my provisional decision. I asked Mr D whether he wished to accept this revised decision, or to comment further, and he has indicated he had no objection to this revised award.

We then obtained further information on the interest rate paid on Mr D's savings throughout the period. I have seen evidence from the relevant bank that Mr D paid £169,750 into a branch-based savings account on 21 February 2023. And the most recent information I have indicates that the funds have remained there since. The interest rates payable between then and now are as follows –

- On receipt of funds – 2.50%
- 1 April 2023 – increased to 3.00%
- 1 May 2023 – increased to 3.20%
- 1 July 2023 – increased to 3.30%
- 1 September 2023 – increased to 3.75%, which remains payable to date.

I will now ask Virgin to make the payments it has offered, and in particular, to work out the difference on the interest earned on Mr D's £169,750 of savings, between 21 February 2023 and the date of issue of this decision, and the amount Mr D would have earned during this time if he'd been earning 3.85% interest on this sum. Virgin should pay that difference to Mr D as a lump sum, subject to the provisions below.

If Virgin considers it is required, by HM Revenue & Customs to take off income tax from that interest, it should tell Mr D how much it's taken off. It should also give Mr D a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

I am aware that this award runs slightly over the period of one year which any new bond would have run for. I'm satisfied that it's fair in these circumstances to include that short additional period in this calculation. So I'll now make the revised award which Virgin proposed, and which has since been shared with Mr D.

## **My final decision**

My final decision is that Clydesdale Bank Plc trading as Virgin Money must –

- pay Mr D £500 in compensation;
- pay Mr D the difference between the interest rate he was earning on his Easy Access Saver Reward, and 3.85% interest, from 21 February 2023 until 5 September 2023; and
- pay Mr D the difference between the interest he was earning on the sum of £169,750 held in his branch-based savings account (interest rates as set out in my decision above) and 3.85% interest, from 21 February 2023 to the date of this decision.

If Clydesdale Bank Plc trading as Virgin Money considers it is required, by HM Revenue & Customs to take off income tax from that interest, it should tell Mr D how much it's taken off. It should also give Mr D a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 29 March 2024.

Esther Absalom-Gough  
**Ombudsman**