

The complaint

Ms A complains about the transfer of her cash Individual Savings Account (ISA) to another provider. She says that Clydesdale Bank Plc (trading as Virgin Money) delayed the transfer unnecessarily by refusing to accept the information provided by her new ISA provider.

Ms A says the delay caused her to miss an interest rate offered by the new provider and when she eventually transferred her ISA, she was only able to secure a lower interest rate.

What happened

At the beginning of November 2022 Ms A applied to transfer her cash ISA to a new provider. She initially made an error on her application so Virgin Money was unable to identify her account, but the application was then resubmitted with the correct account details.

A few days later Ms A complained to Virgin Money as her ISA transfer hadn't gone through.

A representative from Virgin Money acknowledged her complaint and asked her to complete a cash ISA form. It advised that she may need to contact her new provider to fill out the form.

On 14 November 2022 Ms A contacted Virgin Money again. She said her new ISA provider had told her it had been informed by Virgin Money that her ISA wasn't transferrable.

There was then further contact between Virgin Money's representative and Ms A in relation to the transfer, with Ms A explaining she believed she had ticked the correct boxes on the transfer form.

At the end of November 2022 Virgin Money's representative contacted Ms A and said that for its system to process the ISA transfer, the provider requesting the cash ISA transfer needed to ask for all previous subscriptions and all current subscriptions when asking for the funds.

In December 2022 Virgin Money provided its response to Ms A's complaint. It didn't uphold her complaint and said the transfer requests it had received from her new ISA provider, had only included a request for Ms A's previous years' subscriptions.

Virgin Money said the requesting ISA provider had to ask for a full transfer to include current and previous years' subscriptions (whether or not subscriptions had been made) in order for the transfer to be completed by its automated system.

On 4 January 2023 Ms A's ISA transfer was completed.

On 11 January 2023 Virgin Money sent Ms A a further letter explaining that its ISA transfer process was entirely automated. It reiterated that the new ISA provider needed to ask for a full transfer and tick the boxes for previous and current year subscriptions.

Virgin Money also said that where a transfer was rejected by its automated system, it wouldn't be aware of this until the account holder raised it. It said the new ISA provider should contact the account holder to let them know the transfer had been rejected.

Ms A disagreed with Virgin Money's response to her complaint and said that she had completed the transfer form correctly, answering the questions she'd been asked there. She referred her complaint to our service.

Our investigator considered the complaint but didn't think it should be upheld. He said that he didn't think that Virgin Money had made an error.

The investigator said that where an ISA transfer was requested, the onus was on the requesting business to provide the correct information to complete the transfer and Virgin Money couldn't complete the transfer until it had received the correct information.

The investigator noted that Ms A had contacted Virgin Money to find out what the problem was and initially hadn't been able to speak to the correct team because they were only available during office hours. However, Virgin Money had then confirmed why the transfer hadn't gone through and a subsequent transfer had taken place at the beginning of January 2023.

Overall the investigator didn't think that Virgin Money had acted incorrectly or treated Ms A unfairly.

As no agreement could be reached Ms A's complaint was referred to me for review.

I issued a provisional decision where I concluded that Ms A's complaint shouldn't be upheld as I didn't think Virgin Money had acted incorrectly or unfairly. I noted that its automated transfer system required the requesting provider to ask for a full transfer and tick the boxes for both current and previous subscriptions. So, I concluded the reason the transfer hadn't gone through was because that process hadn't been followed.

An extract from that decision is reproduced below and forms part of this decision.

Both parties were given an opportunity to respond with any representations they wished to make.

Virgin Money didn't provide any further representations.

Ms A responded and said she didn't agree with my provisional view. In summary she said:

- Her new provider acted on instructions, so it could only request a transfer if she, the client, gave the provider instructions to do so.
- The current year's subscription box wasn't ticked by her new provider because Ms A didn't tick that box on the authorisation form. Ms A didn't tick that box because the transfer from Virgin Money didn't include the current year's subscription and the provider acted on her instructions.
- The implications of ticking the current year's subscription box were that Ms A, was requesting a transfer of the current year's subscription. So, when her new ISA was opened, it would be opened on the basis that it included the current tax year's subscription.
- Ms A was left with little option but to subsequently tick the box so that her provider

could act upon those instructions.

- Ms A said she didn't think it was fair for Virgin Money to operate a system which required her to complete the transfer form incorrectly.
- Her understanding of the ISA rules was that if the transfer request included the current year's subscription the whole ISA had to be transferred, but she noted there was no rule requiring the whole of previous years' subscriptions to be transferred to another provider
- Ms A was required to make a declaration that she had not, and would not, subscribe to another cash ISA in the same tax year.
- Ms A attached the letter of declaration received from her new provider when the ISA was transferred, which was a legal declaration that she was eligible to open the account. Ms A said it was treated as a new ISA because of the boxes she had been forced to tick.
- Ms A referred to Virgin Money's forms for transferring into its cash ISA and pointed out there were three different options for doing this.
- Ms A said it wasn't fair that Virgin Money didn't give a full explanation as to why the transfer hadn't gone through at an early stage. She said each time the transfer failed she received a letter from her new provider stating it hadn't gone through because the account wasn't transferrable.
- Ms A said it took more than 15 days to receive an explanation as to why the ISA transfer hadn't gone through.
- Ms A enclosed correspondence from another provider who she said had difficulties with receiving a response from Virgin Money regarding transfers. She said this perhaps undermined its argument that the system was fully automated.

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 particular I have considered the detailed representations provided by Ms A in response to my provisional decision.

Having done so, I remain of the same view and for the same reasons set out in the extract from my provisional decision.

Provisional 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.

To recap, Ms A wished to transfer her cash ISA to take advantage of a higher interest rate being offered by another provider. So, she completed a transfer application form for her new provider.

One of the questions on the form was as follows:

“Have you subscribed to this cash ISA in the current tax year?”

Ms A has explained that she answered “No” as she hadn’t made a subscription that year.

In November 2022 the new provider started the transfer process, which was an automated process, but unfortunately the transfer wasn’t successful. So, Ms A contacted Virgin Money to find out what the issue was. She has explained she was unable to speak to the relevant team because it was only available in office hours, but I can see that eventually she was able to raise the issue with one of Virgin Money’s representatives.

Ms A made a complaint to Virgin Money, and it said that her provider had only requested her previous years’ subscriptions and that it had “to ask for a full transfer to include current and previous subscriptions.”

Ms A has pointed out that she had answered that question on the transfer form correctly, as she hadn’t made a subscription that year.

However, I don’t think it was the way Ms A completed the transfer form that was the issue here. I consider on balance the difficulty was caused by the details inputted by her new provider into the transfer system.

The holding of ISAs is subject to certain rules, with limits on the amount that can be paid into an ISA in one year. So, the existing provider has to ensure it has all the relevant information about the request being made before it authorises the transfer of the ISA to the new provider. I therefore agree with the investigator that the new provider, who is requesting the transfer, needs to provide the information that is required for the transfer to take place.

This complaint is about Virgin Money and so I have to consider whether it acted correctly and fairly during the transfer process.

The type of system Virgin Money chooses to use to administer the transfer of its products is a matter for Virgin Money and part of its commercial judgment. However, it does have to treat Ms A fairly when carrying out that process.

Virgin Money has indicated that Ms A’s new provider didn’t select the full transfer (close account) box during the transfer application process, it only selected the past subscriptions box. Virgin Money has provided screen shots of the information it holds about the transfer, which I consider support what it is saying.

Virgin Money has also explained that it advises ISA providers requesting the transfer to ask for a full transfer and to tick the boxes for both current and previous subscriptions to ensure that the automated system doesn’t reject the request.

I think it is important to take into account that this automated system is designed to process a large number of ISA transfers and so it isn’t individually tailored to a specific consumer’s transfer. So, for instance, one reason why it might be advisable for the requesting provider to tick all the subscription boxes, is in case a consumer has forgotten that they made a subscription in that current year, or in a previous year. I am not at all suggesting that is the position in Ms A’s case, however the system may try to cover that type of eventuality to try to ensure compliance with the rules around ISAs.

In any event, I am satisfied that not completing the “full transfer (close account)” box is more likely than not to have caused an issue within this automated system which ultimately led to the transfer being rejected. In addition, I consider not ticking all the subscription boxes in the transfer system, as advised, is also likely to have contributed to the rejection of the transfer.

So, I don't think that Virgin Money has acted incorrectly or treated Ms A unfairly here.

I also note that when Virgin Money was made aware that there was an issue, it responded and explained what had caused the problem with the transfer and the transfer then went through at the beginning of January 2023.

Summary

While I appreciate that it must have been frustrating for Ms A to have had her cash ISA transfer delayed, particularly as the interest rate she received when the cash ISA was transferred was lower than the original one being offered, I don't think Virgin Money has acted incorrectly or treated Ms A unfairly. So, I won't be asking it to do anything further.

I have addressed the points raised by Ms A in response to my provisional decision below.

Ms A's completion of the transfer form

I appreciate the concern expressed by Ms A about completing her transfer form correctly. When she was asked whether or not she had made a subscription that year, it is of course right that she answered that question correctly. And Ms A has also made the point that her new provider was only able to act on her instructions. She says, in effect, that her instructions were to ask for the previous years' subscriptions to be transferred, not the current year's subscription, which she hadn't made into the Virgin Money ISA.

I agree with Ms A that her provider had to have her authority to act. So, for example, if Ms A hadn't given the new provider clear instructions to transfer her ISA, then it wouldn't have been able to commence the transfer process because it couldn't act without her authority. However, I don't consider that the new provider ticking both subscriptions boxes during the transfer process with Virgin Money, was in conflict with Ms A's instructions here.

I note Ms A completed her transfer form and asked for a transfer of *all* of her ISA account. She has also confirmed in messages to Virgin Money that she wanted all of her ISA to be transferred.

So, I think by asking for the full transfer and ticking all the subscription boxes, the new provider is in effect, telling the automated system that administers the transfer, that it would like any subscriptions, whether they be current or previous years to be transferred, in order to conduct a full transfer and close the account.

I note that Virgin Money has indicated that it advises providers requesting a transfer of ISA monies to do so, to ensure its system doesn't reject the transfer. I consider on balance that the broad aim of that process is to avoid the situation where monies remain with Virgin Money, when they shouldn't, and the account can't therefore be closed.

So, while it may seem counter-intuitive to ask for contributions to be transferred that don't exist, I consider this to be a general process applied to all its transfers out, rather than a specific process applied solely to Ms A.

I also think there is a distinction between the declaration made on the form by Ms A about whether she had made a subscription that year, and the information inputted into the automated system by the new provider in order to carry out the administration of the transfer.

I don't think ticking those boxes in the system represents a legal declaration of the subscriptions Ms A has made. The declaration is made for the purposes of ensuring she doesn't make subscriptions that exceed the annual limit. Whereas the purpose of ticking

both subscription boxes in the automated process is to ensure that all of her ISA account is transferred.

ISA transfer in documentation

I have seen the application form referred to by Ms A where Virgin Money indicates it will accept three options with regards to transfers *into* its cash ISA. However, as Ms A wasn't seeking to transfer in, I don't think that documentation is relevant. This was a transfer out from a Virgin Money cash ISA and Virgin Money has said, the system it operated required a full transfer to be requested with both subscription boxes ticked.

Information provided as to why the transfer hadn't gone through and the time taken to respond to the request for an explanation by Ms A

Ms A is unhappy with the information provided by Virgin Money as to why her ISA transfer hadn't gone through. She feels that more detailed information should have been provided at an earlier stage, so that she could've acted earlier and avoided a delay.

Virgin Money has explained that it is unaware that there is a problem with a Cash ISA transfer until it is contacted by the account holder.

Ms A did contact Virgin Money to find out why her transfer hadn't gone through. She was unable to speak to the ISA team directly. Ms A made a complaint and was in contact with one of Virgin Money's representatives. That representative then had to contact the relevant team to find out what the issue was. It appears that the representative was on leave at one point but that he then contacted Ms A to find out whether the problem with her ISA had been resolved.

I note that the savings team was available to answer questions about ISA transfers. I also understand that the contact details for that team were available on the Virgin Money website.

I agree with Ms A that it took the representative several days to give Ms A a definitive answer as to the cause of the problem with her transfer. And I note Ms A has explained she was initially asked to complete a transfer in form, which wasn't helpful. However, I take into account that Ms A contacted the representative in the context of a complaint - the representative wasn't in the specialist department dealing with this product. And I think the representative tried to assist Ms A by contacting the relevant team and then providing an explanation.

I also take into account that there were other avenues for finding out why the transfer hadn't gone through. Ms A's new provider could have contacted Virgin Money and asked for further clarification as to what had gone wrong, and Ms A could have contacted the savings team whose details were available on the website.

So, while I think the representative who Ms A was in contact with, could've progressed matters more quickly, overall, I don't think Virgin Money has acted incorrectly or treated Ms A unfairly.

In any event, I'm not persuaded on balance that receiving the explanation for the transfer not going through a few days earlier would have changed the outcome here – that Ms A missed an interest rate being offered by her new provider. I note that Virgin Money provided an explanation of what had gone wrong at the end of November 2022. I consider this was sufficient to inform Ms A that the new provider needed to check and review the way it had submitted the transfer and re-submit, in line with the advice, so as to ensure it went through.

However, the transfer wasn't completed until January 2023, by which time the interest rate on the new product was unfortunately no longer available.

My final decision

My decision is that I don't uphold Ms A's complaint against Clydesdale Bank Plc trading as Virgin Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 29 February 2024.

Julia Chittenden
Ombudsman