

## The complaint

Mr W complains that Clydesdale Bank Plc (trading as Virgin Money) didn't help him to access his Individual Savings Account (ISA). He said this prevented him from transferring his funds to a higher interest account.

## What happened

Mr W said he couldn't access his Virgin Cash ISA on 25 May 2022 and the temporary link Virgin sent him didn't work, with a phone number to call. He said he tried to call Virgin but couldn't get through and his nearest branch is a long way away. Mr W said Virgin didn't send him any further links to his account and he couldn't access it. He also said that from this time he no longer received general emails from Virgin with updates, and interest rates.

Mr W complained to Virgin. Virgin wrote to Mr W on 14 June, 23 June, and 1 September 2022 to say it couldn't send a final response to his complaint because it was busy. Mr W said when Virgin didn't respond to his further email in September 2022 and as he was still unable to access his account, he referred his complaint to our service.

Virgin responded to Mr W's complaint in January 2023, apologising for the time when Mr W was unable to access his account, acknowledging the long waits on calls and the delay in responding to his complaint. It said a 'one time password' was emailed to Mr W on 27 May 2022, but it seems he wasn't able to use this to regain access to his account. Virgin said it tried to call Mr W but hadn't got through. Virgin offered Mr W £50 for Mr W's distress and inconvenience, but it enclosed an 'acceptance declaration' with compensation as £100.

Mr W said he was extremely disappointed with Virgin's proposed resolution of his complaint. He said there was nothing about helping him gain access to his account or compensation for not being able to move funds to another bank for a higher interest rate.

Mr W referred his complaint to our service. Our investigator recommended that it be upheld. He said Virgin should have provided Mr W with a better service and recommended total compensation of £400. He said when Mr W tried to contact Virgin by phone to obtain a new password and describing his difficulties by email, he was frustrated. But Virgin didn't offer Mr W a new password or help him access his account online or in any other way.

The investigator said Mr W was without online access to his ISA for nine months before Virgin responded to his complaint. He said although Mr W could have transferred to a new provider without online access, this was far too long for an easily resolved issue. He said it's reasonable for someone to want to see their account before a transfer.

Virgin responded to say it thought additional compensation of £300 was excessive, but to avoid dragging this out it agreed the investigator's recommendation.

Mr W, however, did not agree. He confirmed that he'd now gained access to his account but was extremely disappointed with the 0.41% rate of interest. He said the account's 'product information' explains that it's a variable rate account but there have been no rate rises in line with Bank of England rate, which he said is a disgrace. In light of this and the unacceptable customer service, he asked the investigator to revise the compensation from £400 to £1,000.

Mr W said the account isn't closed but he'd transferred the ISA to another provider offering a far better rate of interest and customer service. He said the issue could have been dealt with quickly if Virgin had an effective process for assisting a customer to access their account.

### **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 W said that he lost interest on his funds and suffered terrible customer service when he wanted to transfer out of the Virgin ISA to a savings account with a higher interest, but couldn't do so as he was unable to access his account for 16 months.

I've looked at what happened to Mr W's Virgin account and his attempts to gain access to see if Virgin acted within the terms and conditions of the account. I've also looked at the redress put forward as a means to resolve his complaint to see if this treats him fairly and reasonably with regard to the detriment he has suffered.

I'm grateful to Mr W for all of the information he has sent us. If I don't mention any specific point, it's not because I failed to take it on board and consider it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

From Virgin's records it would appear that Mr W logged in on 5 April 2022 but was unable to do so thereafter. The records shows that he attempted to log in on 27 May 2022 but entered the incorrect password and requested a 'one-time password' from Virgin. Mr W said he was unable to use this, and an instruction appeared directing him to call Virgin for further help.

I can see that Mr W had to contact Virgin on several occasions and was still unable to access his account online. He was told variously that the service was temporarily unavailable and that there had been an error and he should contact Virgin by phone. Mr W's attempts to call Virgin ended in long delays and no resumption of his online access. I'm pleased that Virgin apologised to Mr W for the poor service he received.

From Virgin's records, I think that following the incorrect password, Virgin's system blocked Mr W's access until he was able to verify his identity. Unfortunately this didn't take place until our involvement, by which time Mr W discovered the low rate of interest paid on his account.

I have taken into consideration that Mr W's problems started with him entering an incorrect password leading to the account being blocked. He tried to overcome this problem but call waiting times and lack of response from Virgin defeated him. Account providers are supposed to take steps to protect customer's money from unauthorised access and so I think Virgin's actions in blocking the account were reasonable.

Virgin wrote to Mr W in June 2022 about his complaint and explained that it aimed to get the complaint resolved within 15 days. However, Virgin's final response letter was issued well outside of the eight-week time frame. I think this was poor service and probably contributed to the delay in assisting Mr W in regaining online access to his ISA account. I see no reason why Virgin waited for our contact to restore Mr W's online access.

Mr W says he told Virgin he wanted to move his funds to another provider paying a better rate of interest, but he couldn't do so, and I have seen this comment from Mr W to Virgin at the time. Mr W wants to receive compensation commensurate with the interest he has foregone on the money in his Virgin ISA. Although frustrated in his efforts to regain online access to his ISA, Mr W could have made a transfer to another product by other means. Mr W told us that had he realised how long this was going to take, 'I should have transferred the funds to another Cash ISA and then closed that account'.

Mr W said the terms and conditions of the Virgin ISA account do not provide for a fixed rate of interest and he expected the interest rate to move in line with Bank of England rate. Virgin

has said that its variable rate accounts do not track the Bank of England base rate and its terms and conditions don't state that it will change the interest rate when there's a base rate change. Virgin said it makes its own assessment of interest rates and the last interest rate move for Mr W's account was in March 2021.

I can see that Mr W made immediate arrangements to move his funds to a different provider on discovering the interest rate. I understand Mr W's reason for not closing his Virgin ISA before this; his belief that Virgin had increased the interest rate on existing ISAs, and lack of assistance from Virgin. However, there was no guarantee of an increase from the terms and conditions and other material about Mr W's account. And the interest rate could have been checked by Mr W independently of his complaint. The terms and conditions of the account state this is available on the Virgin Money website. Because there was no movement in the rate from Virgin it didn't send Mr W information about this, that he had formerly received.

Because Mr W could have moved his ISA to a new provider during the period of his complaint, and more importantly because Virgin's terms and conditions refer to potential rate increases/decreases, I haven't considered it necessary to award the interest Mr W might have obtained elsewhere as compensation.

Having looked at Mr W's experience in dealing with Virgin, I agree with him that he was very poorly served and subjected to unnecessary delays. Mr W's experience on Virgin's phone line, from its emails, the very long wait for a response to his complaint and eventual account access, would all have caused him great frustration and inconvenience. In respect of the length of time Mr W was without online access to his account and the lack of help offered by Virgin I think the compensation recommended by the investigator of £400 in total, is about right in all the circumstances. I have borne in mind that Mr W told Virgin at the start of his complaint that he wanted to close his account.

It is our service's role to resolve complaints rather than to set businesses an example, as Mr W has suggested. The regulator of financial businesses, the Financial Conduct Authority has the power to instruct businesses about their operations and can be contacted about this, but they won't consider individual complaints. The Financial Conduct Authority does require businesses to provide good outcomes for customers but it's not a price regulator, so it won't tell providers what they should pay savers.

### **My final decision**

For the reasons I have given, it is my final decision that the complaint is upheld. I require Clydesdale Bank Plc (trading as Virgin Money) to pay Mr W total compensation of £400 for the distress and inconvenience its poor service caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 13 May 2024.

Andrew Fraser  
**Ombudsman**