

## **The complaint**

Ms S complains that Clydesdale Bank Plc trading as Virgin Money (Virgin) made an error in the transfer of her ISA funds.

## **What happened**

Ms S was reorganising her cash ISA savings. She wanted to transfer two sums of £110,000 from her existing provider ('bank A'). Both amounts of £110,000 were to be deposited in one-year fixed rate cash ISAs, one with Virgin and one with another ISA provider (bank B'). £20,000 of her ISA deposits with bank A were for the current tax year.

Ms S instructed Virgin to request £110,000 to be transferred from bank A on 12 December 2022. Virgin processed the transfer request with bank A, but bank A sent £130,000 to Virgin – received by Virgin on 15 December 2022. Miss S then spoke to Virgin and asked them to send £20,000 back to bank A. On 12 January 2023, Virgin sent £20,000 back to bank A.

Bank A then sent the amount of £20,000 to bank B on 8 February 2022, but the payment was rejected and the one-year fixed ISA deposit was finally made on 8 March 2023.

Ms S complained. She said Virgin made an error when requesting the ISA funds from bank A. She said she instructed Virgin to ask to transfer £110,000 in total, being £20,000 current year's ISA subscription, and the remainder from prior years' subscriptions. But instead, Virgin had asked for £130,000 – being £20,000 current year's subscription and £110,000 prior years. As a result, she couldn't make the investment of £110,000 with bank B when she wanted to on 12 December 2022 – it took until March 2023 to do that. So, she lost out on interest, which she said was the difference in rates between bank A (2.5% pa) and bank B (4.01% pa).

Ms S also says she spent many hours on the phone to Virgin, bank A and bank B to sort matters out. And she suffered considerable stress and anxiety about what happened – the money was her life savings.

Virgin said they acted in line with Ms S' transfer instructions. They said Ms S requested a 'partial transfer' of £110,000 including the current year's subscription. And that's what they asked for from bank A. But bank A transferred £110,000 plus the current year's subscription, making £130,000. Virgin said this was an error by bank A.

Virgin confirmed that £20,000 was sent back to bank A on 11 January 2023 (sic). They paid compensation of £75 for the time Ms S spent calling Virgin, the delay in responding to her complaint and for an issue with her sort code not being displayed online. They also paid a further £50 as a gesture of goodwill.

Ms S brought her complaint to us. Our investigator issued several views, but the final one said Virgin made an error, while bank A did not. He said the transfer form completed by Ms S was sufficiently clear and Virgin should have only requested £110,000.

But he could see the request from Virgin to bank A asked for the transfer of current year's

subscription (£20,000), *plus* prior years' subscriptions (£110,000). i.e. a total of £130,000. He calculated the loss of interest to be £140, (£110,000 at 1.51% p.a. for one month) and said total compensation of £350 should be paid by Virgin (to include the £125 already paid, and the loss of interest).

Ms S didn't agree. She said the compensation should be more. Virgin didn't agree either – they said they'd asked for £110,000 from bank A, and bank A should be responsible.

*I issued a first provisional decision which said:*

I will go to the crux of this complaint – and look at the instructions given by Ms S to Virgin, and the instructions given by Virgin to bank A.

*Transfer instructions from Ms S to Virgin:*

This said: “*Transfer Options: whole balance N*

*This years subs only = N*

*Partial transfer = 110000.00 inc this years subs – Y”*

I consider it's reasonable to say this meant that Ms S wanted to transfer a *total* of £110,000 – *including* the current year's subscription of £20,000.

*Transfer instruction from Virgin to bank A:*

This included:

*“Transfer current year: Y*

*Partial Amount from Prev Year: £110,000”*

I'm satisfied that this requested from bank A - £110,000 prior years' subscriptions, *plus* the current year (£20,000). In other words, Virgin asked bank A for £130,000 – which wasn't what Ms S asked for. So – I conclude that Virgin made an error here and £20,000 too much was transferred from bank A to Virgin.

What then happened was:

- £130,000 (not £110,000) was transferred from bank A to Virgin on 15 December 2022.
- Bank A rejected the transfer of £110,000 to bank B – as insufficient funds remained in bank A's ISA. So – the fixed rate ISA couldn't be set up at bank B.
- Ms S contacted Virgin on 15 December 2022 - and Virgin agreed to send back £20,000 to bank A.
- The transfer back from Virgin to bank A didn't take place until 12 January 2023 – it's not clear why that took so long.
- Bank A sent £110,000 to bank B's new fixed rate deposit on 8 February 2023, but this was initially rejected. It was then sent back to bank B by bank A on 8 March 2023. There was a separate complaint by Ms S to bank A – and bank A apologised for this delay and paid compensation of £100.

Because I consider Virgin were at fault for the initial error, Ms S's complaint comes down to what is a reasonable amount of compensation to pay. Bank A have paid compensation of £100 for the delays experienced after 8 February 2023 – so it's only fair to ask Virgin to compensate Ms S up to that date, and not for anything after that.

#### Loss of interest:

Ms S has shown us that the fixed deposit with bank B was at a rate of 4.01% p.a. Bank A's interest rate was 2.5%. Because of what happened, Ms S couldn't immediately set up the fixed deposit with bank B. I looked at bank B's terms and conditions - and customers only have 10 days to 'fund' the fixed rate ISA – so it wasn't an option for Ms S to (say) set up the account, put in £90,000 and add the other £20,000 later. So – she was prevented from opening the account with bank B until she had all the funds ready to send.

Virgin sent the money back to bank A on 12 January 2023 – so I think it's reasonable that Ms S could then have instructed bank A to send the funds to bank B at that time. It's not clear why she didn't do this until 8 February 2023. So – I think it is reasonable to consider a loss of one month's interest up to 12 January 2023, for which Virgin should be responsible. This works out at £138 (£110,000 at 1.51% p.a.). I intend to include this in the award for distress and inconvenience.

#### Distress and Inconvenience:

Ms S argues she spent a lot of time on the phone to Virgin, bank A and bank B to sort matters out – and I'm persuaded this did take many hours of her time, as she was dealing with three firms. Many calls, emails and messages were sent over a long period of time. The funds also represented her life savings – and so I appreciate this must have been a stressful time for her.

We have set out some criteria for considering awards for distress and inconvenience. We say an award of up to around £750 might be fair where the impact of a business's mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out.

Because of the amount of money involved, the time and effort needed to sort matters out, and the loss of interest on the deposit with bank B, I'm persuaded that an award of £500 is appropriate here – to include the £125 already paid by Virgin and the loss of interest. I also note here that bank A paid compensation for the delay from 8 February 2023 onwards.

#### Responses to the provisional decision:

Virgin didn't make any comments, but Ms S did. She said:

1. More interest should be awarded as, under the process for transferring the ISA to bank B, a 15-day period is allowed – for transferring money between banks. And – she contacted bank B in January 2023 to re-start the transfer process again, and for bank B to initiate the transfer. So - she argues she should get a further 15 days' interest. She argues the transfer to bank B could never have been completed on or around 12 January 2023 as I said was possible.
2. More interest should be awarded as – there was a knock-on effect in December 2023. That was when she wanted to then transfer the money from bank B (the maturing fixed rate ISA) to Virgin. Virgin was then paying 5.5% p.a. as against bank B (4.01%). If the transfers in December 2022 had taken place as she'd wished, the transfer could've taken place in December 2023 – but as it was, it took place one

month later. Therefore, she argues that she should get an interest differential of 1.5% p.a. on £114,000 (the balance at bank B including one year's interest) for another month.

3. She says more should be awarded for distress and inconvenience. She was in hospital at the time, and shortly after her mother had passed away. She had to make many calls to Virgin and the other banks involved, and at a time when she was undergoing surgery and then recuperation.

I now need to consider these views.

*Based on these views, I issued a second provisional decision:*

I accept Ms S' arguments at point (1). It is valid to say that the transfer to bank B couldn't be instantaneous and a period of up to 15 days may have been needed. So – I agree that an extra 15 days' interest is reasonable. This works out at £68 (£110,000 at 1.51%p.a.).

On point (2), I don't think it is reasonable to consider further consequential losses for what might have happened 12 months after the original error by Virgin. I consider this is too far removed for what originally happened, and it's not reasonable to ask Virgin to pay further compensation for that.

On Ms S' point (3), I considered the impact on her personally when making the original award, and she had set out her arguments in her complaint she brought to us – she hasn't put forward any new information. I've reconsidered this again, but reject any further significant award in this respect, other than rounding up the total award slightly to £600. So, in summary, I am making a second provisional decision to increase the compensation to £600 – to include the compensation of £125 that Virgin have already paid. So – Virgin must pay an additional £475.

*Responses to the second provisional decision:*

Ms S accepted the revised findings. Virgin said they didn't agree, but made no points in support of that. (**continued**)

## **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.

As Ms S accepted the second provisional decision, and Virgin made no arguments, my final decision is unchanged from it.

### **My final decision**

I uphold this complaint. Clydesdale Bank Plc trading as Virgin Money must:

- Pay compensation of £600 for distress and inconvenience: being an additional £475 to the £125 already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 14 February 2024.

Martin Lord  
**Ombudsman**