

The complaint

Mr A complains about Clydesdale Bank Plc, trading as Virgin Money, making an error which led to his Help to Buy ISA being closed and a subsequent financial loss.

What happened

I issued my provisional decision on 10 January 2024, and this is what I said:

I've considered the relevant information about this complaint.

Before I issue my final decision, I wanted to give everyone a chance to reply.

I'll look at any more comments and evidence that I get by 24 January 2024. But unless the information changes my mind, my final decision is likely to be along the following lines.

The complaint

Mr A complains about Clydesdale Bank Plc, trading as Virgin Money, making an error which led to his Help to Buy ISA being closed and a subsequent financial loss.

What happened

Mr A had a Help to Buy ISA and earned interest at a rate of 1.5%. The Help to Buy ISA enabled Mr A to pay a maximum of £200 each month and, when he buys his first home, the government will, if he meets their criteria, top up his savings by 25% (up to £3,000).

In March 2023, Mr A's Help to Buy ISA had a balance of £10,248.76. Mr A attempted to make an initial request to transfer out £1,000 to a new 2-year fixed rate ISA he'd opened with Virgin earning 4.18%.

As this was rejected Mr A decided to visit a Virgin branch and requested a transfer of £8,000 to his new 2-year fixed rate ISA. He left the branch thinking this would be completed and his Help to Buy ISA would remain open with the remaining £2,248.76 balance.

However, as Mr A had tried to make two transfers and only the full amount can be transferred from a Help to Buy ISA, Virgin decided to transfer the whole amount. This was an error; it wasn't what Mr A had requested and Virgin's action led to Mr A's Help to Buy ISA being closed. Also, Virgin say the Help to Buy ISA can't be re-opened because it's administered by the Government and they're no longer accepting applications.

Virgin apologised for their error and offered compensation of 25% (£562.19) of the remaining Help to Buy ISA balance and £150 redress.

Mr A feels this offer is inadequate. This is because he feels the closure of the account has deprived him of the opportunity to gain the government £3,000 bonus on the remaining funds. Also, he feels the compensation doesn't reflect how he was treated and the impact on his health and family.

Our investigator considered Mr A's complaint and Virgin's compensation offer and thought the offer was fair and reasonable.

As Mr A remains dissatisfied, this case has now been referred to me to look at.

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.

Having done so, I'm not upholding this complaint and I'll explain why.

Virgin don't dispute that they made an error closing Mr A's Help to Buy ISA, and I'm satisfied this has had an impact on Mr A.

I'm also satisfied that Mr A didn't know his Help to Buy ISA had been closed and a consequence of this was that his standing order continued to deduct funds from his account with Bank A which added to the impact here.

So, what's left for me to do is consider whether Virgin's compensation offer is fair and reasonable for the impact on Mr A.

Mr A considers his financial loss to be the £3,000 he could've gained if he had the opportunity to add to the £2248.76 balance (he thought would still have remained) and deposit £12,000 in total to earn the government's Help to Buy ISA 25% payment. However, Virgin are only offering £562.19, which is 25% of the £2248.76 balance which would have remained had they not made the error.

It's clear that Mr A wanted to take out £8,000 from his Help to Buy ISA and, although there's a lack of information on Mr A's house purchase plans, including whether he would meet the government criteria, I'm persuaded he wanted to keep his Help to Buy ISA open and continue to make payments so he could take advantage of the government 25% offer.

However, although I'm persuaded of Mr A's intent to have two ISA accounts, his decision to take out funds from a Help to Buy ISA, whether through a withdrawal or transfer, meant a loss of entitlement to claim a bonus in respect of the transferred funds. This is because it is detailed in the account terms and conditions Mr A would've agreed to.

So, although I think it more likely than not that Virgin's branch representatives didn't explain the loss of entitlement, as Mr A was looking for greater interest of 2.68%, I would've expected him to have read and been aware of the account terms and conditions prior to making his request.

So, regarding lost interest, I think Virgin's interest offer puts matters right and, considering the above, I don't think it would be fair or reasonable to ask Virgin to pay a greater level of interest.

I then considered if Virgin's £150 redress was fair and reasonable.

I should explain that assessing compensation isn't an exact science and our approach when making awards for non-financial loss is detailed on our website and tends to be modest.

Whilst I recognise Virgin's mistake also affected Mr A's family, I can only consider the impact on Mr A. Also, although I'm satisfied there was a service failure here and Virgin's mistake was a serious one, which would've come as a shock and caused distress and inconvenience, as my role is to be impartial and objective, I have to bear in mind the following:

- *I consider Virgin's interest offer to be fair and reasonable*
- *The lack of information on Mr A's house purchase plans and lost hours / wages*

So, having considered all the information currently available, including Mr A's distress and disappointment, I'm not persuaded that the compensation amount should be increased. So, I'm not upholding this complaint.

My provisional decision

For the reasons I've given above, it's my provisional decision not to uphold this complaint.

I'll look at anything else anyone wants to give me – so long as I get it before 24 January 2024.

Unless that information changes my mind, my final decision is likely to be as I've set out above.

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 gave both parties the opportunity to respond to my provisional decision by 24 January 2024. However, I didn't receive any responses.

So, as no further arguments or evidence have been produced in response to my provisional decision, my view remains the same.

I therefore adopt my provisional decision and reasons as my final decision.

My final decision

For the reasons given above, and in my provisional decision, my final decision is that I'm not uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 22 February 2024.

Paul Douglas
Ombudsman