

The complaint

Miss R complains that Clydesdale Bank PLC trading as Virgin Money has blocked her account so she can't close it.

What happened

In September 2023 Miss R attempted to transfer funds out of her Virgin Money account. She received e-mails from Virgin Money advising that the payment had been referred to its security team for further checks. It said that if the payment wasn't going to be authorised it would call her. She lodged a complaint online and asked Virgin to close her account with immediate effect.

Miss R did not receive a call back from Virgin Money. When she checked her account on 21 September she noticed that the account had not been closed. The fraud team subsequently tried to call Miss R on 3 occasions. They then sent a text message and a letter asking for Miss R to contact them. When she contacted the fraud team on 7 October the advisor said that the intention was to get her account unblocked. They asked if she wanted to do this but she said she wanted it to be dealt with by the complaints team. She e-mailed Virgin Money again reiterating that she wanted the account to be closed.

Virgin Money sent two final response letters on 9 October. It apologised for the inconvenience caused but reiterated that Miss R needed to call the fraud team in order to get her account unblocked. It paid her £50 compensation.

Miss R called the fraud team on 20 October. The advisor asked some security questions concerning recent payments from her account. She said she didn't know how much these were as she didn't have access to her account and said she was going to pursue a complaint through this service. As far as I'm aware the account is still blocked.

Our Investigator said that she thought it fair that the payments were suspended, and she was satisfied Virgin Money was acting in line with the Terms and Conditions of the account. She noted that it'd made a payment of £50 which she thought reasonable.

Miss R said she was unaware of any goodwill gesture, and that there was no local branch for her to visit. She felt that it would be simple for Virgin Money to close the accounts and send a cheque.

The matter has been passed to me for an Ombudsman's consideration.

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.

Virgin Money has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts

safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams, and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I think Virgin Money should fairly and reasonably have had systems in place to look out for out of character or unusual transactions, or other signs that might indicate that its customers were at risk of fraud. So, I need to decide whether Virgin Money acted fairly and reasonably in its dealings with Miss R.

I understand that Miss R wanted to close her account. However the payment she initially sought to make was to transfer some funds to another account which paid higher interest. As the Virgin Money account had not been used for some time, I think that it was acting fairly and within its terms and conditions. In relation to making a payment the terms and conditions say Virgin Money can say no to a payment if *"We have good reason to think we need to say no to keep your account safe."*

I know that Virgin Money sent Miss R an e-mail three times on the same day to tell her that it was reviewing her payment. It didn't however contact her at that stage so Miss R had no reason to think that the closure hadn't taken effect. However she checked her account on 21 September and this hadn't happened. Following contact from the Virgin Money fraud team Miss R was urged to contact them to get her account unblocked. Indeed I note from the call on 7 October that she was told this. She opted however not to go through the procedure and wanted to pursue it as a complaint.

When Miss R spoke to the fraud team on 20 October, the advisor attempted to unblock her account by asking her security questions. But these questions related to the amount of certain payments from the account which Miss R said she couldn't answer. From my listening to the call I don't think that Miss R failed security, rather that she opted not to pursue it any further because she thought that the account could be closed with the information she had provided.

I've considered this call from the point of view of whether Virgin Money acted reasonably in blocking Miss R's account. I have come to the conclusion that it did. All banks have to follow regulations and if they have a reasonable suspicion about any transactions they can block the account until satisfied that it is the customer making the transaction. So it was for Miss R to satisfy the fraud team that she was the person making the transaction. I appreciate that she said that she could not access the account so couldn't answer the questions about the amount of certain payments.

Miss R will however need to contact Virgin Money to get her account unblocked. I appreciate that there is not a branch near her so she will need to do it over the phone. If she needs to answer questions about the account, she should be able to access it to look at it or she could ask for recent statements to be sent to her.

I'm aware that Virgin Money should have contacted her by phone when it had reviewed her payment in early September. It paid her £50 compensation and this is the goodwill gesture which our Investigator referred to. I'm satisfied that she was aware of this as she acknowledged the letters from Virgin Money setting this out and mentioned it in the phone call with the advisor from the fraud team. I also think this was a reasonable payment to make.

So overall I think that Virgin Money acted reasonably when blocking the payment. And that it compensated Miss R fairly for the inconvenience caused. Unfortunately Miss R will have to call the fraud team to get this unblocked and to get her account closed.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 3 July 2024.

Ray Lawley
Ombudsman