

The complaint

Mr S complains that Clydesdale Bank Plc trading as Virgin Money provided him with poor customer service and significant delays regarding the transfer of his Individual Savings Account (ISA).

What happened

Mr S says that he applied to open a current account with Virgin Money on 4 November 2023, with the intention of immediately transferring his existing ISA upon account verification. He says he expected to complete his ISA transfer by 8 November 2023, but he encountered a delay in the opening of the current account, primarily to an address verification issue.

Mr S says that the delay was not communicated to him until 14 November 2023. He said Virgin Money requested additional identification for his ISA, which was attributed to the same address verification issue. Mr S says that due to these delays, he was unable to transfer his ISA until 23 November 2023. He says the interest rate for ISA's significantly increased from 4.6% to 5.85% which resulted in a loss of potential interest. Mr S made a complaint to Virgin Money.

Virgin Money partially upheld Mr S' complaint. They said with regards to the current account opening being delayed, they found evidence which suggests the reason for this was due to the address not being his most current. They had to complete additional checks, and this caused a delay in the account opening being completed. They said the delayed notification led to a poor customer journey, and they had credited 1p of credit interest that would have accrued on his current account.

Virgin Money said they contacted Mr S and requested him to provide additional identification for his ISA to be opened, and while he had provided identification for his current account, if additional security checks are required then they can request additional information for these checks to be completed effectively. They said they reviewed a telephone call on 22 November, and information Mr S had present was not complete, they said he was able to complete this matter on the call successfully, but they would provide feedback based on Mr S' testimony. Mr S brought his complaint to our service.

Our investigator partially upheld Mr S' complaint. He said due to the initial delay of ten days then Virgin Money should pay Mr S £50 for the inconvenience caused. Mr S asked for an ombudsman to review his complaint. He made a number of points. In summary, he said the compensation offered does not adequately reflect the financial loss, emotional distress, and time invested on his part. He said he received conflicting information about the ISA transfer, particularly regarding the necessity of manual forms, which time and effort were expended preparing these forms, which were eventually deemed unnecessary. Mr S said Virgin Money should review and improve their communication and operational procedures to prevent the recurrence of such issues for other customers.

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.

Firstly, I'm aware that I've only summarised Mr S' complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I'd like to explain to Mr S that it is not within this service's remit to tell a business how they should run their policies and procedures, such as their identification procedures or their ISA transfer procedures. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Virgin Money to make changes to their policies and procedures, if necessary.

As part of the current account opening checks Virgin Money say they found evidence that the address on the application was not Mr S' most current address. Virgin Money would have a duty to investigate this and ensure Mr S' details were correct. The issue here though is not that Virgin Money requested additional identification from Mr S, but how long it took them to do so.

I have listened to a call Mr S had with Virgin Money after he tried to submit his current account application. And I do think there was an opportunity for the call handler to realise there was information outstanding (the identification). I say this because Mr S is told that the account should be activated when it pulls all of the information through. But the address issue was identified on 4 November (the call was after this date), and the call handler asks if his application was made on 4 November.

So it would have been prudent for the call handler to realise that there was an issue activating the current account. If she had looked into this further, it's probable that Mr S could have been told of the issue there and then, which should have prevented some of the delays in opening his current account. But instead he was told to wait.

Virgin Money paid Mr S 1p credit interest to reflect the delays. While Mr S may feel this figure is insulting, I've not seen that further interest was due on his current account. I can see that on 20 November 2023, Mr S had credited £2 to the account and £1 debited his account on 24 November 2023. There were no further transactions on his current account until Virgin Money paid the 1p into the account on 7 December 2023.

I've considered what Mr S has said regarding needing to upload his identification again for the ISA even though this was completed for the current account. I asked Virgin Money about this, and they confirmed that as he made his ISA application online a few hours after the current account application, it's possible their system hadn't yet fully reflected the evidence already provided.

Virgin Money said that even if the system had fully updated, it's possible that further checks would have been required to ensure it was Mr S making the application due to more than one application being made within a short period of time. So while this would have been frustrating for Mr S, I can't definitively say this would have been avoidable. And I was pleased to see that Mr S was able to do this in a timely fashion.

I've considered what Mr S has said about filling in manual ISA transfer forms, but these weren't used. I've reviewed a chat which Mr S had with Virgin Money on 18 November 2023. He was told he could start the ISA transfer process, and he is given a weblink. The chat agent tells Mr S that the process could be completed in branch or by post.

But it also appears Mr S could transfer his ISA online after he entered the code he was given (which is ultimately what happened). So he should have been given this option. That being said, I visited the webpage for the link Mr S was given, and when the “*Get started*” button is clicked, and you go through the next few screens as Mr S would have needed to do, a page is displayed which says “*How would you like to make the transfer?*” Three options are given, online, post or Virgin Money Store. So Mr S should have reasonably been aware that at this point he didn’t need to fill in a manual form as there were other options available.

Mr S had told the chat agent he would take the completed form to the branch. But it appears that he sent it in the post to Virgin Money instead. Virgin Money have confirmed that their ISA team did not receive a paper form from Mr S. So if Virgin Money did not receive a paper form from Mr S, then they couldn’t process this. And I can’t hold Virgin Money responsible for any postal issues, as this would be out of their control.

I’ve listened to a phone call where Mr S did manage to complete the ISA transfer after he gave the call handler the code he received. So this is why a paper/manual form wasn’t ultimately needed.

I’ve considered what Mr S has said about the lost ISA interest as part of the delays. But Virgin Money’s website states “*Once we’ve got your details, we aim to complete all ISA transfers in 15 working days or less*”. Mr S’ transfer was completed within 15 working days of when he first opened the ISA. So I can’t fairly ask Virgin Money to pay Mr S any further interest when they had completed the transfer within the industry standard timescales.

But I do think that Virgin Money let Mr S down on more than one occasion. This included the call handler not realising on the first phone call he had with them that there was outstanding identification, which could have prevented some of the delays, it took ten days for him to find this out, he didn’t receive the full information in the chat about being able to apply for the ISA transfer online etc.

I’ve considered what would be a fair outcome for this complaint. I’ve noted the strength of feeling that Mr S has about the amount of compensation our investigator suggested not being sufficient for what happened. But I must explain to Mr S that our awards are not designed to punish a business or to make it change the way they act in order to protect other customers in the future. That is the role of the regulator. We sometimes award compensation if we feel that a business has acted wrongfully and therefore caused distress and inconvenience to their customer over and above that which naturally flows from the event.

I’m persuaded that £50 compensation is proportionate for the impact of the inconvenience and distress that Mr S was caused by the delays and the unclear information. It is in line with our awards for what happened here. So it follows I’ll be asking Virgin Money to put things right for Mr S.

Putting things right

Our investigator has suggested that Virgin Money pays Mr S £50 compensation for distress and inconvenience, which I think is reasonable in the circumstances.

My final decision

I uphold this complaint in part. Clydesdale Bank Plc trading as Virgin Money should pay Mr S £50 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 7 June 2024.

Gregory Sloanes
Ombudsman