

## **The complaint**

B, a limited company, complains about the time Clydesdale Bank Plc trading as Virgin Money took to open its new savings account

## **What happened**

The director of B explains that B had an existing savings account with Clydesdale holding a substantial balance. It applied to open a new account with a higher interest rate on 18 July 2023. He says that there were significant delays and that despite numerous calls the account wasn't confirmed as opened until 6 September 2023 and couldn't receive funds until 2 October 2023. B wants to be compensated for the interest lost due to the delays as well as for the inconvenience caused.

Clydesdale said that it recognised the long waiting time for calls and that B received poor service from the members of staff the director spoke to about the application. It said that it had sent B forms to complete on 19 July 2023 and 17 August 2023 and needed to have all of these returned. It initially offered to pay B £100 for inconvenience and increased this to £500 after the account had been opened.

Our investigator didn't recommend Clydesdale do anything more than pay this compensation. She said that B had confirmed it had the forms on 19 July 2023. The director had called three times between 31 July 2023 to 15 August 2023. And had raised an initial complaint on 17 August 2023. Further forms had then been sent out that day. On 24 August 2023 Clydesdale had rung B for more information which it provided the next day. B called seven times about the application between 4 and 6 September 2023 and was often cut off. The account was confirmed as opened on 6 September 2023. A new nomination was required for the existing account so that funds could be transferred. This was received from B on 28 September 2023 and funds transferred starting from 2 October 2023. She thought that the service could have been better, but that Clydesdale had set out the information it needed and that this wasn't all provided until 25 August 2023. The account was then opened within a 10-working day period Clydesdale allowed for. So, she didn't think that B should be compensated for lost interest.

B didn't agree and wanted its complaint to be reviewed. It said that all the required information was sent by recorded delivery. The director spent many hours on the phone and wasn't told what information was missing. B said that Clydesdale was understaffed, and B has lost interest due to the avoidable delays and which it had estimated as being £220 a week for seven weeks.

## *My provisional decision*

I issued a provisional decision about this complaint on 15 April 2024. I set out below what I said.

I noted that the email of 19 July 2023 referred to above asked B to provide the following

documents: an account opening form, a business customer mandate, an entity self-tax form and a card application for each card holder (the latter of which I didn't think was particularly relevant here). Registration for internet banking was said to be optional. I noted from the contents of the Clydesdale business file for this complaint that documents requested were provided and dated 19 July 2023. That's consistent with B saying it completed the forms and sent them recorded delivery. And the director of B telephoned to find out what if anything was missing and received no clarification.

I listened to a call he had with Clydesdale on 17 August 2023. The person he spoke to was unable to say what was outstanding. She had the impression he hadn't received the email of 19 July 2023 and sent essentially the same information request email now dated 17 August 2023 and the complaint was logged. Unfortunately, the call was cut off. I could see a further mandate form in the business file dated 18 August 2023 and I'm unclear what if anything needed to be provided that hadn't before.

On 24 August 2023 Clydesdale called B and asked the director if B had a 'heritage' account which seemed to relate to a Clydesdale group restructuring. He said he wasn't at work and an email was sent to him that day with the outstanding requirement.

The email header stated, *"We're almost there with your application"* and asked B to confirm its existing account details and that *"This will enable us to find you on our systems."*

This was provided and the account opened on 6 September 2023 after a number of further calls from the director.

I'd seen a system note stating that the required account nomination was received on 28 September 2023 and had to be matched to details on the heritage system. I hadn't been provided with evidence that this had been available to Clydesdale any earlier.

### *My assessment*

I took the view that the first 30 days of the application (from 18 July 2023 to 16 August 2023 inclusive) represented an avoidable delay. I considered that B had completed documentation as instructed. And the director had chased things up several times. My conclusion was that the processing only started from 17 August 2023 when B called again. It's unclear what if any new substantive documentation was then really required.

The email of 24 August 2023 seemed to arise from internal issues because Clydesdale couldn't find the existing account for B. And this isn't something I would expect reasonably to hold up an application or to be a significant requirement for B. In any event the time by which the account was opened after that was broadly in line with the stated service standard. I also wasn't able to conclude on the evidence that Clydesdale was responsible for any significant delay after 6 September 2023 given that a new nomination form was required to pay funds from an existing account.

I provisionally decided that B should be compensated for the loss of additional interest for the period of 30 days I'd referred to. The balance this should be calculated on was that in the account on 13 October 2023 of £1,151,001 which effectively could have been in place 30 days earlier. The 'marginal rate' relevant here to be applied is the difference between the interest rate on the new account and the old account. And interest should be backdated to 13 October 2023 – in other words the interest credit will attract compound interest to the date of settlement. I requested that Clydesdale provide the interest calculation on this basis with its response to my provisional decision and confirm what if any amount of the compensation offered for inconvenience had already been paid.

It's clear that B had to make a number of calls about its application, experienced excessive waiting times and it's accepted by Clydesdale received poor service. I considered that the compensation of £500 offered for that inconvenience is reasonable taking into account our published guidance. As B is a limited company it can't suffer distress.

### **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.

B didn't make any comments in response to my provisional decision. Clydesdale said that it accepted my view and didn't have any further comments to make. It didn't provide details of the related interest calculation and notably didn't raise any query about the basis for that calculation.

This being the case I see no reason to depart from the conclusions of my provisional decision and for the reasons I've already given.

### **My final decision**

My decision is that I uphold this complaint and I require Clydesdale Bank Plc trading as Virgin Money to:

- 1) Pay B additional interest at the marginal rate (as defined above) on a balance of £1,115,001 for 30 days and backdate this at the date of settlement as if credited to the account on 13 October 2023.
- 2) Pay B compensation of £500 as it has already offered to.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 24 June 2024.

Michael Crewe  
**Ombudsman**