

The complaint

Mr P complains about mistakes and delays by Clydesdale Bank Plc trading as Virgin Money when he wanted to transfer money to a new ISA provider.

What happened

Mr P had an ISA with Virgin Money and in October 2023 he applied to transfer some of the funds saved to a new provider I'll refer to as C. On 23 October 2023, C sent a partial ISA transfer request to Virgin Money for £30,000. Virgin Money says it couldn't process the transfer as Mr P was requesting to transfer part of his yearly ISA subscriptions which went against government guidelines at the time. The ISA transfer was rejected.

C sent Virgin Money another ISA transfer request around five days later but it was also rejected, for the same reason.

Mr P complained to Virgin Money and it issued a final response on 26 January 2024. Virgin Money said the ISA transfers had been rejected because Mr P only requested to transfer part of his yearly subscriptions which it was unable to do. Virgin Money said that if Mr P wanted to transfer the funds invested within the current tax year he would need to transfer all of it.

Mr P was later able to complete the ISA transfers he required and his Virgin Money ISA was closed in February 2024.

Mr P went on to refer his complaint to this service and it was passed to an investigator. They ultimately upheld Mr P's complaint. The investigator wasn't persuaded Virgin Money had made a mistake when rejecting the ISA transfers requests it received in October 2023. But the investigator thought Virgin Money should've given a clear explanation to Mr P at the outset concerning why his transfers failed. The investigator recommended that Virgin Money compensate Mr P for the delay by paying him interest at the new ISA rate between 23 October 2023 and 22 February 2024, when the transfer completed. The investigator also asked Virgin Money to pay Mr P £100 for the distress and inconvenience caused.

Virgin Money agreed to proceed but Mr P asked to appeal. Mr P didn't agree that the compensation for the distress and inconvenience caused reflected the impact of the issues raised on him. Mr P provided detailed commentary on the legal and regulatory mistakes he felt Virgin Money had made. Mr P said Virgin Money had failed to act reasonably and felt it had been negligent towards him. Mr P also said his ISA transfer request to C had been completed with branch staff assistance and that he wasn't aware of a requirement to disclose current tax year subscriptions. Mr P also quoted information found on the government's website that says consumers can transfer all or part of the funds saved in an ISA at any time. As Mr P asked to appeal, his complaint has been passed to me to make a decision.

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'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

When Mr P responded to the investigator, he quoted information that can currently be found on the government's website that says consumers can transfer all or part of their ISA to a new provider at any time. But that information has changed in the time after Mr P's ISA transfer requests were made in October 2023. I've checked previous versions of the government website that was available in October 2023 and it said:

"You can transfer your ISA from one provider to another at any time...If you want to transfer money you've invested in an ISA during the current year, you must transfer all of it. For money you invested in previous years, you can choose to transfer all or part of your savings."

So whilst I understand that by the point Mr P had referred his complaint to us the government guidelines said he would be able to transfer all or part of his ISA funds at any time, I'm satisfied that in October 2023 the guidelines were as set out above and in line with what Virgin Money has said.

I note that both the ISA transfer forms sent to Virgin Money in October 2023 didn't confirm that Mr P had made any ISA subscriptions during the existing tax year. In response to the investigator, Mr P said the ISA transfer form was completed with assistance from branch staff. But that wasn't something Virgin Money had any involvement with so I'm unable to agree it acted unreasonably by relying on the information included in the ISA transfer forms.

Ultimately, Mr P completed his transfers and moved the ISA funds, closing his ISA with Virgin Money on 22 February 2024. I agree with the investigator's view that whilst Virgin Money may've reasonably rejected the ISA transfers it received, it should've given Mr P a quick and clear explanation as to why so he could check arrangements with C to ensure his transfer was approved. I'm satisfied that if Virgin Money had done that, Mr P's transfer could've been quickly completed without further difficulties. In my view, the investigator's recommendation that Virgin Money compensates Mr P for his lost interest between 23 October 2023 and 22 February 2024 fairly covers his losses. So I'm going to proceed on that basis.

I understand Mr P doesn't agree that £100 fairly reflects the level of distress and inconvenience he's been caused. But my view is that a payment of £100 is a reasonable reflection of the impact of the issues raised by Mr P and is a fair way to resolve his complaint. I want to assure Mr P that I've read and considered everything he's said when bringing his complaint. And, having done so, I haven't found grounds to increase the award for the distress and inconvenience caused to Mr P beyond the £100 recommended by the investigator. To put it another way, the award is very much in line with what I would've told Virgin Money to pay had no settlement been recommended already.

As I'm satisfied that by refunding Mr P's lost interest and paying him £100 for the distress and inconvenience caused is fair and reasonable in all the circumstances I'm going to proceed on that basis and uphold his complaint.

My final decision

My decision is that I uphold Mr P's complaint and direct Clydesdale Bank Plc trading as Virgin Money to settle as follows:

- Pay Mr P interest on £31,835.53 from 23 October 2023 to 20 February 2024 at his new ISA rate with C
- Pay Mr P £100 for the distress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 14 October 2024.

Marco Manente
Ombudsman