

The complaint

Mr E complains about the service received from Clydesdale Bank Plc trading as Virgin Money when opening an Individual Savings Account (ISA).

Mr E is represented in this complaint by a family member – Ms H.

What happened

Mr E (a minor) attempted to open an on-line ISA, but the account was closed as Virgin Money said that Mr E hadn't provided the right identification documentation (ID). Ms H says that Mr E doesn't use his email account regularly and didn't see the emails Virgin Money sent him about this matter. She says Virgin Money failed to take reasonable alternative steps to contact Mr E to obtain the required ID when Mr E didn't respond to the emails. She says that because of ISA rule changes, Mr E is now unable to open an alternative ISA and he's lost out on the interest due. So, a complaint was raised with Virgin Money.

Virgin Money didn't uphold the complaint saying the ID Mr E had provided wasn't acceptable and it had contacted him by email – as he'd opened an on-line account, to explain what he needed to provide and that the account would be closed if the correct ID wasn't provided.

Unhappy with the outcome, the complaint was referred to this service. One of our investigators looked into it, but she didn't think Virgin Money had treated Mr E unfairly. She found that Mr E hadn't provided all the ID in the format Virgin Money required. And that Virgin Money had contacted Mr E in line with the terms and conditions he had agreed to when opening the ISA.

Ms H didn't accept this outcome. She maintained that Virgin Money should have contacted Mr E by an alternative communication channel when he didn't respond to the emails. She also said the ID provided should have been sufficient.

As agreement wasn't reached, Ms H asked for the complaint to be reviewed by an Ombudsman, so the complaint has been passed to me.

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.

Having done so, I've reached the same overall conclusion as the investigator for largely the same reasons but with some further explanation around the transitional arrangements following ISA rule changes. I appreciate both Ms H and Mr E will be disappointed, so I'll explain why.

Regulations require businesses to identify new account holders when they open an account. The regulations say that a business must provide a list of the forms of ID it will accept. Here, there is no dispute that Virgin Money provided Mr E with a list of the acceptable forms of ID

and that Mr E was aware that he needed to provide evidence of his name (from list A) and evidence of address (from list B).

I'm satisfied that Mr E partially met Virgin Money's requirements as he provided a copy of his driving licence as proof of his name from list A. But, as proof of address, Mr E provided a screen shot relating to Child Benefit.

I accept that '*Child Tax Credit or Child Benefit documentation naming you at your current address*' is acceptable for account holders under the age of 18. But unfortunately, the copy of the screen shot that was provided to Virgin only confirms that Ms H is in receipt of Child Benefit - it makes no reference to Mr E being the child to whom the Child Benefit relates to or that he resided at the address. So, I don't find the screenshot provided met Virgin Money's requirements.

I've seen that Virgin Money's list of ID provides alternative options and had Mr E provided something else or indeed a copy of the Child Benefit documents showing him as the child the benefit related to, I think its most likely the issue would have been resolved and the account opening would have been fully completed. So, I've gone on to consider whether Virgin Money did enough to let Mr E know what was needed and the consequences of not responding.

It doesn't appear to be in dispute that Virgin Money emailed Mr E on two occasions (to the email address he provided when opening the account) to explain it couldn't accept the screenshot he had provided and that if alternative ID wasn't provided the account would be closed. Ms H says that Mr E doesn't check his emails regularly, so he didn't see the emails Virgin Money sent him.

I accept that Virgin Money's generic terms and conditions refers to using various forms of communication. But I'm persuaded that this is because the generic terms and conditions cover a range of accounts available – for example, postal accounts as well as on-line accounts. I don't find this means Virgin Money was required to send a letter by post because Mr E didn't respond to the emails it sent him.

Mr E opened his ISA online, the specific account terms refer to communication being sent by email and Mr E had provided an active email address. Furthermore, I've not seen any persuasive evidence to suggest that Mr E told Virgin Money to communicate with him by post or another communication method. In these circumstances I find it reasonable that Virgin Money relied on email communication. So, I don't find Virgin Money did anything wrong when it emailed Mr E about the ID requirements.

I acknowledge that Virgin Money sent the account opening welcome letter in the post and Ms H has queried why it would do this if the primary communication method is email. But Virgin has explained the first communication is sent by post for security reasons - to ensure the account holder lives at the address they have provided. And I find this to be a reasonable explanation.

Overall, I don't find that Virgin Money has treated Mr E unfairly when it closed his account. The ID provided didn't meet Virgin Money's requirements. And it communicated with him about the matter via a method he had agreed to when opening the account.

Ms H is correct when she says that the ISA rules changed in April 2024. However, the transitional arrangements say that '*If you were already aged 16 or 17 on the 5 April 2024, you can apply for or transfer a single adult Cash ISA*'.

I have asked Virgin Money about this, and it has explained that it made a business decision not to adopt the transitional arrangements. And I've seen that the transitional arrangements

go on to say '*ISA managers can choose whether to offer cash ISAs to individuals who fall within the transitional arrangements*'. So, I don't find that Virgin Money has to open a Cash ISA under these arrangements for Mr E.

But under the transitional arrangements Mr E does have the opportunity to explore other ISA providers as they may allow him to open an ISA. More information on the transitional arrangements can be found here:

<https://www.gov.uk/government/publications/tax-free-savings-newsletter-11/tax-free-savings-newsletter-11> .

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 30 October 2024.

Sandra Greene
Ombudsman