

## **The complaint**

Mr C complains that he was unable to make a partial withdrawal when his ISA matured and was forced to re-invest his full balance. He says this was because of system failures by Clydesdale Bank Plc trading as Virgin Money.

## **What happened**

Mr C held a fixed rate cash ISA with Virgin Money which was due to mature on 24 April. He wanted to withdraw some of the funds at maturity and re-invest the rest. On 2 April, he tried to give Virgin Money instructions to do this, through its online service. But, he says the system wouldn't accept the instruction without charging a penalty. Mr C raised a complaint.

Virgin Money responded on 11 April. It said that it couldn't accept a withdrawal instruction within the fixed rate period without a penalty arising. It said this was in line with the terms and conditions of Mr C's account. It told Mr C that he would soon receive an email setting out his options in relation to maturity of the ISA ("the maturity email"). It said that, if Mr C wanted to withdraw his funds, he should wait until the maturity date when he would be able to instruct it to release the funds without incurring a penalty.

Mr C received the maturity email later that day. The email told Mr C to sign into his online account or click a link in the email to view his options. It said that, once he had decided what he wanted to do, he should sign into his account and follow the instructions there. The email said that, if Virgin Money hadn't received Mr C's instructions by 6pm on 23 April, it would move his funds into an account paying a variable interest rate of 0.1%.

Mr C says he clicked the link in the email and was taken to a page of options. These were: (1) re-invest the full balance, (2) make a partial re-investment (meaning he could re-invest some of his funds and either withdraw the rest or place them in an alternative product), (3) add more money, or (4) withdraw all his funds.

Mr C wanted to re-invest some of his funds and withdraw the rest (the partial re-investment option). He says he signed into his account and attempted to do so. But he says the system didn't give him the option of making a partial re-investment. He says he then tried to make a partial withdrawal (to happen upon maturity) but was told this would incur a penalty.

Mr C contacted Virgin Money again on 12 April. He said it wasn't possible to execute the partial re-investment and withdrawal option. He copied some text into his email which he says was taken from his account once he had signed in. He says that he was presented with several bullet points of options once signed in; he copied the first of these into his email to Virgin Money. The copied text stated Mr C's projected balance upon maturity and said he could choose to re-invest all of his funds into a new cash ISA or split his funds between a cash ISA and a variable rate account (non cash ISA). The bullet point which he copied set out the option of transferring to a fixed rate cash ISA and said "Full Balance" underneath. So, he said a partial withdrawal wasn't possible.

Mr C asked Virgin Money to execute his instructions or provide a screen shot showing how he could do this or close his account at maturity. Virgin Money responded the same day. It

said it couldn't accept a withdrawal instruction before the maturity date without Mr C incurring a penalty. It said that, if Mr C wanted to re-invest his funds, he should follow the link from the maturity email to request this. Otherwise, it said he should wait until the maturity date to submit instructions on his online account, to avoid a fee.

Mr C asked why the partial withdrawal option wasn't executable. Virgin Money's complaint handler said they believed that, if he followed the process from the maturity email, he would be given the option to complete a partial re-investment. They said that the remaining balance would then go into an access account and he would be able to release those funds to an account of his choice upon maturity. They said that, if Mr C attempted to provide withdrawal instructions before the maturity date, he would be advised of a fee.

A few days later, Mr C signed into his account and instructed Virgin Money to re-invest his full balance upon maturity.

Mr C brought the complaint to this service soon afterwards. He said that, as Virgin Money hadn't provided a solution, he was forced to transfer his whole balance into a new fixed rate ISA, to avoid the funds being moved into the low interest rate account upon maturity. He said he was out of pocket as a result through lost offset mortgage interest and the lost opportunity of investing the funds elsewhere. He said he had wasted hours trying to sort out the issue, which should have been simple. He said that Virgin Money should cover his financial losses and compensate him for the trouble and upset he'd experienced. He also wanted to make a partial withdrawal without incurring a penalty.

I issued a provisional decision on 16 October 2024 indicating my intention not to uphold the complaint. Virgin Money didn't have any comments on the provisional decision. But Mr C made some further points and asked me to revise the decision. He said that Virgin Money makes the process of withdrawing funds difficult.

### **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.

Where the evidence is incomplete or inconclusive, as some of it is here, I reach my decision on the balance of probabilities – that is, what I consider is most likely to have happened, in light of the evidence that is available and the wider surrounding circumstances. I'm sorry to disappoint Mr C, but I haven't changed my mind about the outcome of this complaint. My reasons are set out again below, where I have also addressed Mr C's latest comments.

The terms and conditions of Mr C's account state that he will incur a charge on any withdrawals made within the fixed rate period. This includes partial withdrawals. Mr C says he tried to give withdrawal instructions on 2 April and was told this would incur a fee. I find that to be in line with the terms and conditions. So, I don't think Virgin Money did anything wrong in that respect.

But Mr C says he gave instructions for withdrawal on a future date (after maturity) and was still told a fee would arise. Virgin Money says its system will always recognise if an instruction is given within the fixed rate period and apply a penalty, even if the instruction is for a future withdrawal. I think that explains why Mr C was told a fee would arise.

However, customers need to be able to give Virgin Money instructions before the maturity date about what they want to do with their funds upon maturity. So, there is a window of time during which they can do this and the system will recognise that the instructions relate to the maturity of the account. This window starts when the maturity email is sent to customers and

continues until the day before the maturity date. I find that Mr C's first attempts to make a partial withdrawal were made before this window opened. So, a fee would have arisen on any instruction he made. But the next time he tried to give instructions was within the maturity window. So, the instructions shouldn't necessarily have triggered a fee; I find that depended on what the instructions were.

I find that, if Mr C wanted to simply withdraw his funds, a penalty would always have been payable if he tried to do this before maturity. The maturity email contained a link to a webpage which set out the four options available to Mr C upon maturity. I'm satisfied that Mr C saw this page. Each option included a link to further information and instructions about how to pursue that option. For the withdrawal option, the further information made it clear that Mr C would have to wait until the maturity date if he wanted to withdraw all his funds. It clearly stated that there would be a penalty if he tried to do this before maturity. There wasn't an option for a partial withdrawal without giving instructions about what to do with the remaining balance. So, any instruction given before maturity for withdrawal only (whether full or partial) would have given rise to a fee.

However, Mr C should have been able to give instructions for a partial withdrawal without penalty by choosing the partial re-investment option. There were two ways for customers to approach this option. The options webpage said they could "reinvest some funds and make a withdrawal" or "reinvest into a product offered at maturity and an alternative product available on our website". Mr C wanted to re-invest some of his funds and withdraw the rest. He has referred to this as a partial withdrawal but Virgin Money calls it a partial re-investment. I'm satisfied that Mr C saw Virgin Money's instructions on how to carry this out.

Mr C says that he signed into his account and selected the ISA which was maturing (the first two steps of the partial re-investment instructions). But he says that partial withdrawal wasn't an option after that point. Virgin Money has suggested that Mr C may have encountered problems because he signed into his account "as normal", rather than following the instructions from the maturity options. I find that Mr C did sign into his account and attempt to give instructions from there. But I find that was the correct approach. The first step of Virgin Money's instructions for how to make a partial re-investment was "sign in to your account". So, Mr C should have been able to give instructions from there.

But he says there was no option for partial withdrawal once he was signed in. He says he was presented with the following statement: "You can choose to reinvest all of your funds into a new Cash ISA, or split your funds between a Cash ISA and a variable rate account (non Cash ISA)." I think this is a reference to the partial re-investment / partial withdrawal option. I'll explain why.

The partial re-investment instructions state: "You can reinvest into one of the E-ISAs offered at maturity as well as a non-ISA E-Access account, which allows you access to those funds. This option would be used if you wanted to withdraw your interest or access some of your ISA balance, whilst reinvesting the remainder in a Fixed Rate E-ISA. Please note any funds invested in the E-Access account will lose the ISA tax free status."

So, the funds which Mr C wanted to withdraw had to be placed into a non-ISA E-Access account first, from which he could remove them after maturity. That is what Virgin Money's complaint handler told Mr C would happen if he chose a partial re-investment. In order to complete the partial re-investment instruction, Mr C would have had to select two accounts: an ISA for the funds he wanted to re-invest and a non-ISA account (E-Access account) for the funds he wanted to withdraw after maturity. I find that the text Mr C copied from his account is consistent with this as it refers to the possibility of splitting funds between a Cash ISA and a variable rate account (non Cash ISA). So, I find that partial re-investment was referred to once Mr C was signed into his account.

Mr C says that a “non-cash ISA” is a stocks and shares ISA, not a non-ISA account. Generally speaking, I think it’s fair to say that the term “non-cash ISA” is used to describe a stocks and shares ISA. I can understand that Virgin Money’s use of the term “non Cash ISA” may have caused confusion here. It was included in the wording presented to Mr C once he was signed into his account (which he copied into his email to Virgin Money) and isn’t consistent with the wording used in the partial re-investment instructions. Those instructions refer to a “non-ISA E-Access account”. This inconsistent terminology isn’t helpful. But, I find that both statements are talking about the same thing. The information from Mr C’s account refers to the “non Cash ISA” as a variable rate account. I find this to mean a non-ISA account, not a stocks and shares ISA.

Mr C says that several options were then presented to him as bullet points. He copied the first of these into his message to Virgin Money; it was a full re-investment option. He says that his reason for pasting it into the email was to show that a partial re-investment wasn’t possible. But, without seeing the full list of options, I can’t conclude that partial re-investment wasn’t one of them. Mr C says that Virgin Money should provide evidence of all the options he would have seen on that day. But Virgin Money says it can’t provide screenshots from Mr C’s online account as only he can access it. On balance, I can’t conclude that there was no option for Mr C to give partial re-investment instructions online.

Mr C contacted Virgin Money on 12 April and explained the difficulty he was having online. He says that Virgin Money’s reply was vague. I note that Mr C requested a screenshot of instructions for making a partial re-investment. Virgin Money didn’t provide this, but I don’t think that was unreasonable. Mr C already had the partial-reinvestment instructions. And Virgin Money says it couldn’t have provided a screenshot from his account. But the complaint handler did respond to his message. I think some of the complaint handler’s emails could have been clearer or more detailed. But I find that the key information in their messages was correct: partial re-investment was the option Mr C wanted; this would involve placing the funds he wanted to withdraw into an access account first; and if Mr C wanted to give withdrawal instructions he would need to wait until after maturity to avoid a fee.

Mr C says he was forced to re-invest the full balance due to Virgin Money’s system failures. I haven’t seen any evidence of system failures. Mr C has clarified that he does not simply mean failures of Virgin Money’s IT system; he means there were problems with the whole process. He has referred specifically to an email from Virgin Money’s complaint handler to demonstrate this. As I said above, I think that some of the complaint handler’s emails could have been clearer or more detailed. But I don’t find the information within the emails to have been incorrect. I don’t think they indicate a failure in Virgin Money’s process.

But Mr C says that Virgin Money gave no practical help and he was concerned about his entire balance being moved into a low interest rate account. I find that Mr C gave instructions to Virgin Money on 16 April to re-invest the full balance. That was several days before the maturity date. I can understand Mr C’s concerns. But I think there was still time for him to complete the partial re-investment. I realise Mr C found the emails from Virgin Money unhelpful. But I think there were other options available to him to seek help before the maturity date, such as contacting Virgin Money through its customer service line or online chat service. Mr C doesn’t accept this; he says he had already escalated the matter to the Chief Executive’s office and had extensive communication with the complaint handler. I understand his frustration. But I think there was time for him to pursue the matter further before the maturity date. In any event, I can’t safely conclude that the partial re-investment option wasn’t available to him through his online account.

In conclusion, I haven't seen any evidence of errors on Virgin Money's part and I don't think it acted unfairly. I don't think Virgin Money is responsible for any loss Mr C suffered as a result of re-investing his full balance. So, I don't think it needs to do anything here.

### **My final decision**

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 2 December 2024.

Katy Kidd  
**Ombudsman**