

The complaint

Ms C complains that Virgin Money Unit Trust Managers Ltd trading as Virgin Money (“Virgin”) failed to make a payment from her pension savings in a timely manner.

What happened

Ms C held pension savings with Virgin. In February 2024 Ms C completed an application to withdraw the remainder of her pension savings. Virgin faced some difficulties verifying the bank account to which Ms C’s payment should be made. And it accepts that it failed to process Ms C’s application in a timely manner. Ultimately the non-taxable part of Ms C’s payment was not completed until 9 July. And the taxable remainder was not sent to Ms C until around a week later.

When Ms C complained to Virgin it accepted that it hadn’t dealt with her income payment as quickly as it should have done. It said that it thought it should have sold Ms C’s pension investments around a week earlier. And it should have made the payments to Ms C by 18 April meaning a delay of around 11 weeks had occurred. Virgin paid Ms C some compensation totalling £200 for the lower sale value of her investments and interest on the delayed payments. And it paid Ms C a further £150 for the inconvenience she’d been caused. Unhappy with that compensation Ms C brought her complaint to us.

Ms C’s complaint has been assessed by one of our investigators. She thought that the delay Virgin had caused was longer than it had assessed. The investigator thought that the investments should have been sold by 5 March, and the proceeds paid to Ms C by 26 March. The investigator asked Virgin to calculate whether the additional delays had caused further loss to Ms C. And the investigator thought that Virgin should pay a further £100 (making a total payment of £250) to Ms C for the inconvenience she’d been caused.

Virgin accepted the investigator’s assessment. It said that the delay meant that Ms C’s pension investments were actually valued higher than they would have been had they been sold when the investigator thought was appropriate, so no further compensation was due in relation to that. And it agreed to pay the additional £100 the investigator had recommended for Ms C’s inconvenience. But Ms C didn’t accept the assessment – she thought her inconvenience warranted a far higher payment. So, as the complaint hasn’t been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process. If Ms C accepts my decision it is legally binding on both parties.

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.

In deciding this complaint I’ve taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Ms C and by Virgin. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words

I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

There is little doubt, and Virgin accepts, that the payment to Ms C took far too long. The investigator has set out in detail the timetable that she thought should reasonably have applied to Ms C's withdrawal. It doesn't seem that either party disputes those findings, so I don't think it necessary to revisit the timeline in any detail here. I agree with the timeline that the investigator set out.

That means that I think Virgin should have completed the sale of Ms C's pension investments on 5 March 2024. And allowing for some time for Virgin to verify the bank account to which Ms C had asked for the payment to be made, I think her income should have been received by 26 March. So what I now need to consider is whether the compensation Virgin has paid to Ms C is sufficient.

Virgin has shown us that the delayed sale of Ms C's pension investments has resulted in a positive outcome for her. Had her investments been sold on 5 March as I've set out above they would have realised £11,723.88. The actual amount that was paid to Ms C before the deduction of income tax was £12,032.43. And Virgin has already paid Ms C additional compensation of around £10 based on its assessment of when the investments should have been sold. So I am satisfied that the delayed sale of the investments hasn't caused Ms C to lose out.

Ms C however also was unable to make use of the proceeds of her pension savings for an extended period of time. In circumstances such as these I would expect Virgin to pay interest, at a rate of 8% simple, to reflect that loss of use of the money. Whilst Virgin has not paid interest for the additional 3-week delay shown above I think that additional interest is more than adequately compensated by the additional proceeds that Ms C received from the delayed sale of her pension investments.

There is little doubt that the extended delays, with little or no information being provided to Ms C about what was going on will have caused her some distress. I think that might have been compounded by the repeated requests from Virgin for Ms C to provide evidence of her bank account – that might easily have been seen by Ms C as similar to the behaviour of someone attempting fraudulent activity (though I can see that was clearly not the case here).

I have thought carefully about what reasonable compensation might be here for that distress and inconvenience. I have noted that Ms C does not seem to have been financially embarrassed by the late payment. But I don't underestimate the stress the extended delay will have caused her. On balance I think the payment of £250 that our investigator recommended is in line with what I would normally award in circumstances such as these. I entirely appreciate that is much less than Ms C thinks would be appropriate. But I think it is in line with our normal awards of this nature.

Putting things right

Virgin should pay Ms C an additional amount of £100 (making a total payment of £250) for the distress and inconvenience she has been caused. I don't think any further payment needs to be made to reflect any investment losses, or interest, as a result of the delayed payment.

My final decision

My final decision is that I uphold Ms C's complaint and direct Virgin Money Unit Trust Managers Ltd trading as Virgin Money to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 5 March 2025.

Paul Reilly
Ombudsman