

## **The complaint**

Mr W complains The Royal Bank of Scotland Plc, trading as Virgin One Account:

- Closed his Virgin One account without justification as it was a current account and not a mortgage.
- Closed the account without formal or proper notice.

To keep things simple, I will mainly refer to “Virgin” in my decision. Mr W says Virgin’s actions caused him substantive distress and inconvenience.

## **What happened**

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

Mr W’s complaint points about transferring funds; being deprived of funds; confirmation of payee security; and customer service regarding poor call handling and complaint handling have been dealt with by another ombudsman at this service under a separate reference.

That means my decision will focus and deal with Mr W’s complaint points about the account being closed without justification and not being served formal or proper notice.

Mr W had a Virgin One account with Virgin, this was a form of mortgage current account. It can be used like a standard current account for everyday income and spending, but also includes the mortgage balance in the form of an overdraft facility which is secured by a charge over the customer’s property. It allowed more flexibility than a traditional mortgage as the balance can be increased and reduced (subject to an overall borrowing limit), as long as all borrowing is cleared by the end of the mortgage term.

In March 2023, Virgin sent Mr W a letter, in which it set out the following key points which are pertinent to this decision:

- As Mr W has paid off the mortgage part of his One account, Virgin will be closing it. This is in line with the terms of the mortgage. The closure will begin in October 2023.
- Before the account closes, Mr W will need to find other banking arrangements, especially if he is using it as his main account.

Virgin closed Mr W’s account in January 2024. Unhappy, Mr W complained. Virgin didn’t uphold Mr W’s complaint. In summary, it made the following key points:

- Virgin reviewed Mr W’s account and noted he had repaid his mortgage. So, it wrote to give Mr W notice that it would be closing his account. The letter confirmed the next steps and if Mr W didn’t take any action his account would be closed at the end of the six months’ notice period.

- The terms of the mortgage confirm that when the mortgage is released and the facility removed, the account can be closed by giving no less than 60 days' notice. A business decision has been made to close the account as the mortgage has been repaid. Virgin has had to revisit its previous stance of allowing customers who have repaid their mortgages to retain the account.
- Virgin also tried to call Mr W in June 2023 as it had not heard from him about the closure, but there was no answer. Virgin has followed the right process and hasn't made an error.

Mr W referred his complaint to our service. One of our Investigator's looked into it, and recommended it wasn't upheld. In summary, their main findings were:

- Virgin is under no obligation to continue offering an account to a customer, it's a commercial decision it's entitled to take. Virgin can do so by giving at least 60 days' notice or in some cases, immediately.
- Virgin wrote to Mr W in March 2023 explaining it would be closing the account in October 2023. This meant Mr W was given six months' notice. This is ample time, and more than Virgin was required to do.
- Mr W says Virgin's decision to close his account was arbitrary. But Virgin made the commercial decision to stop offering this product.
- Mr W is unhappy as he wasn't expecting the account to close in January 2024. But Virgin did give him notice in March 2023 that it would be closing the account in six months.
- The March 2023 letter from Virgin explained that it was unable to provide a full switching service due to the account type. However, it would help by providing a partial switch. So, Virgin hasn't done anything wrong by not being able to provide a service for which it made Mr W aware of the limitations.

Mr W didn't agree with what our Investigator said. Some of the key points in summary, and pertinent to this complaint, were:

- Explain why the current account doesn't violate the original wording in its brochure that *"You can run your account to suit your lifestyle. And if you want to pay your mortgage off early, that's fine"*.
- The March 2023 letter wasn't a notice to close particularly as RBS said it wasn't and the letter said: "We're closing your Virgin One Account".
- Virgin had no issue with Mr W using the account without a mortgage for around ten years. Custom and practice was therefore well established. No explanation has been provided why the account wasn't closed in September 2023 but rather in January 2024.
- Virgin's email dated 2 November 2024 to this service show it said, "We did not issue a notice of closure". So, it's clear a formal notice wasn't provided to Mr W. And no closure was communicated between October 2023 and January 2024. This uncommunicated closure was therefore out of the blue and unjustified. It would have been reasonable for Virgin to have sent formal notice a week or a month before it closed the account.

- A letter was received in March 2023 not in February 2023 as Virgin assert, notifying closure. Virgin has provided no evidence this letter existed.
- A SMS was sent to Mr W on 31 August 2023 purporting to be from Virgin. It mentions the account was set to close in October 2023. It also claimed Mr W had not responded. Mr W had written to Virgin in June 2023 identifying three issues but received an unsatisfactory, “boilerplate” response.
- If the 2018 terms and conditions are different to the 2001 ones, Virgin need to demonstrate that a large print notification was sent to account holders to the effect that the original large print assurance was being retracted in new small print. No such notification was sent.

As there was no agreement, this complaint has been passed to me to decide.

### **What I've decided – and why**

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr W and Virgin have said before reaching my decision.

It's important to note, my decision focuses on Mr W's complaint points in relation to the closure of his account, and where it doesn't overlap with the other decision on a separate complaint at this service, about the account switching communication.

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 have decided not to uphold Mr W's complaint. I'll explain why.

Mr W has sent this service a letter which he received from Virgin. It's headed '*We're closing your Virgin One Account*'. It then goes onto explain the process to close his account will begin in October 2023 – more than six months after the letter is dated. Virgin explain that as Mr W has repaid his mortgage, it has made this decision.

Mr W argues that this letter doesn't constitute a 'formal' notice of closure. I accept the letter doesn't apply the word 'notice' – but its clear that Virgin has decided to close the account. So, I don't find that it was ambiguous or didn't constitute a notice of closure. That means Mr W should have known and acted upon this letter. To be clear, I find that Virgin did provide appropriate and proper notice of closure to Mr W.

Mr W also says that Virgin's closure of his account was unjustified, given it was a current account and not a mortgage. He has added that he was permitted to use his account for nearly ten years after the mortgage had been paid off, and the large print brochure he read at the point of opening this account, says he could pay off the mortgage and effectively keep the current account part of it.

Terms and conditions of such accounts change over time. Amongst other things, this allows

a financial business to adapt them to meet any evolving consumer obligations it must follow. I haven't seen any evidence that Mr W wasn't informed of any changes in his terms and conditions, and I find it most likely that a regulated business, like Virgin, would have done so given its obligated to do so.

I have seen the 2009, 2013 and 2022 Virgin One Account terms and conditions. They all allow Virgin to close the account by giving at least two months' notice. The most recent, the 2022 ones, which would likely be relevant here say:

*"5.2 Closure of Account where the Mortgage has been released and Facility removed*

*Where the Mortgage has been released and the Facility removed, the Account can be closed in the following ways:*

*5.2.1 Closure by us*

*5.2.1 We can close your Account immediately if:*

*(a) we reasonably suspect that you have given us false information;*

*(b) we reasonably suspect that your account or any other account you hold with us (or another member of NatWest Group) has been, is being or is likely to be used for an illegal purpose;*

*(c) you behave in a threatening or violent manner towards our staff; or*

*(d) we reasonably suspect you're involved in fraud or other serious criminal activity; or*

*(e) we reasonably suspect that by not taking these steps we might breach a law or regulation with which we must comply.*

*5.2.2 We can also close your Account by giving you not less than 60 days' notice before we close your Account"*

Given what this says, I'm satisfied Virgin didn't do anything wrong when giving Mr W at least two months' notice of its intention to close his account. Virgin gave more than six months' notice, which I think illustrates it wanted to give Mr W as much flexibility as it thought reasonable. Virgin also say it attempted to call Mr W, and he has also said he received a SMS about this.

Virgin doesn't offer this form of mortgage current account anymore. Virgin also said in its complaint response it had to revisit its previous stance of allowing customers who have repaid their mortgages to retain the account. Virgin can close accounts, where doing so is a legitimate exercise of its commercial discretion. I'm satisfied that is what has happened here.

So, the closure isn't with proper basis as Mr W says. I note Mr W says that as he was using the current account for around ten years without a mortgage debt, this use of it had become customary and the practice established. I don't agree, as I've said Virgin has exercised fair commercial discretion here and acted in a more flexible way than I would expect it to do so given its terms allow it to give two months' notice.

Mr W says Virgin didn't notify him that the account would close in January 2024. But the letter explaining the closure said the process would *start* in October 2023. And any time the account was open longer than that was to Mr W's benefit.

For completeness, and to avoid any ambiguity, I'm satisfied from the closure letter that Mr W was given clear communicates that he could only partially switch his account. And given the account was different to a standard current account, I'm satisfied Virgin did nothing wrong in not being able to allow a full account switch using the CASS switching service.

As I don't think Virgin have done anything wrong, I see no basis to make an award for compensation for any distress and inconvenience Mr W suffered.

### **My final decision**

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 4 April 2025.

Ketan Nagla

**Ombudsman**