

The complaint

Mr B complains Clydesdale Bank PLC trading as Virgin Money (Virgin) failed to inform him his ISA was maturing.

What happened

Mr B says he opened a two-year fixed rate Individual Savings Account (ISA) in February 2020. Mr B says when the ISA matured in February 2022, Virgin without notification reinvested the funds into a low interest rate instant access ISA, and it was only when Virgin wrote in February 2024 regarding an interest change, did he realise what had happened.

Mr B says he was expecting Virgin to write to him by letter about the maturity of the ISA as detailed in its own Key Product Information (KPI) and not by email as it says, but even so he has no record of receiving any such email. Mr B says if he had been informed about the maturity of the ISA he would have placed the funds into a higher interest rate product.

Mr B wants Virgin to compensate him for the amount of interest he has lost over this period.

Virgin says it wrote by email to Mr B on 4 February 2022 and 8 February 2022 with the maturity instructions and its records show these emails weren't bounced back so they would have been successfully delivered. Virgin says as it never heard back from Mr B the ISA was automatically transferred to an Access ISA in line with the account terms and conditions and it has made no error here.

Mr B wasn't happy with Virgin's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator felt from the information he had seen, Virgin had emailed Mr B twice in February 2022 prior to the maturity of the ISA. So, in line with its terms and conditions it had acted fairly when not having received any further instructions from Mr B, it automatically reinvested the funds into a variable rate cash ISA.

The investigator says while Mr B felt Virgin should have written to him and not emailed, the term "write" doesn't stipulate what form that would be, and he couldn't see Mr B had asked for communications to be sent in letter form. The investigator didn't feel compensation was due here and there was also a responsibility for Mr B to take reasonable steps to minimise any issues arising here.

Mr B didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I can understand it would have been upsetting for Mr B to learn his maturing ISA had been placed on a variable rate cash ISA at a lower interest rate than he would have expected. When looking at this complaint I will consider if Virgin acted unreasonably when it defaulted Mr B's maturing fixed rate ISA into a variable rate ISA in February 2022.

Both Virgin and Mr B have provided this service with comprehensive details of the course of events here and while that has proved helpful, I won't be commenting on every point made as I don't feel it's necessary in order to come to a full and impartial decision here. That's not to say I haven't considered everything – I have. But it's just that I don't need to comment on each individual point here in order to reach a decision on what's fair and reasonable.

Mr B's complaint centres around the fact Virgin failed to inform him of the maturity of his two-year fixed rate ISA in February 2022 and placed this into a low interest-bearing instant access ISA. Mr B also makes the point even if Virgin did send an email confirming the maturity, as it says, this should have been by way of letter as detailed in its own KPI.

It's worth saying from the information I have seen, Virgin sent two emails to Mr B in February 2022 prior to the maturity of the fixed rate ISA and although Mr B says he never received these, Virgin have confirmed to this service that its records show no evidence of these not being delivered or returned. I can also see the email address it sent those notifications to were addressed correctly, so it's reasonable to say in all probability, these emails were sent and delivered.

In addition, after maturity the account number remained the same and in the emails sent to Mr B it informed him what actions he needed to take, otherwise the funds would default to a variable rate cash ISA. So here under the terms and conditions of the fixed rate ISA, Virgin simply defaulted the account to an instant access ISA and there was no need for it to do anything other than that. It's worth saying this was an online self-managed account and therefore it's not unreasonable that communications would be by way of electronic means here.

While I understand Mr B's depth of feeling about the fact Virgin have referenced "written" and "email" as potentially different means of communicating, there's nothing to say when it refers to "writing" it would always do this in written letter form. I am satisfied for an online self-managed account, an email would be a reasonable way to correspond to Mr B about the maturity of his ISA.

What hasn't been considered here is that Mr B also has a responsibility to manage his financial affairs and if as he says he was expecting a written letter rather than an email, when that letter wasn't received, why he took no action for two years past the maturity date of the ISA.

Taking everything into consideration I'm satisfied Virgin took reasonable steps to contact Mr B before his ISA matured. While Mr B will be disappointed with my decision, I won't be asking anymore of Virgin here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 February 2025.

Barry White

Ombudsman