

The complaint

Mr O is unhappy with the service he received from Clydesdale Bank Plc, trading as Virgin Money, surrounding an ISA transfer request.

What happened

Mr O held a cash ISA with Virgin and wanted to transfer that ISA to another provider (whom I'll refer to as 'C'). Mr O submitted a transfer application to C who then forwarded that application to Virgin. However, Virgin rejected the ISA instruction that C submitted on the basis of 'no account found'.

Following the rejection, Mr O spoke with C and confirmed that the ISA sort-code and account number he'd previously given them, and which C had sent to Virgin, were correct. C then resent the ISA transfer request to Virgin, but Virgin rejected that request also, with the reason again being 'no account found'.

C then contacted Virgin to try to understand why the transfer requests were being rejected. Virgin investigated the matter and explained to C that an issue with their systems was causing the correct account information being sent by C to be picked up incorrectly, resulting in the 'no account found' rejection.

Mr O wasn't happy that his ISA transfer was being delayed, and he also wasn't happy with the service he was receiving from Virgin surrounding this matter. So, he raised a complaint.

Virgin responded to Mr O, but in that response said that they didn't feel that they'd done anything wrong regarding the ISA transfer and said that they had never received a transfer request from C. Mr O wasn't satisfied with Virgin's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they felt that the response that Virgin had issued to Mr O already represented a fair outcome to his complaint. Mr O remained dissatisfied, so the matter was escalated 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.

I issued a provisional decision on this complaint on 20 December 2024 as follow:

Mr O raised complaints about the delay in his ISA transfer with both Virgin and C, as he was unsure which bank was responsible for the issue. Both of these complaints were subsequently referred to this service, and I have considered both of them separately.

Having done so, C were able to demonstrate to my satisfaction that they were sending the correct ISA transfer information to Virgin. Additionally, I note an email from Virgin to C wherein it is confirmed that it was an issue with Virgin's systems which meant that the

correct information that C were sending to Virgin wasn't being picked up by Virgin as it should have been. As such, I feel that it's Virgin that should fairly be considered responsible for the delays that Mr O experienced here.

Accordingly, I'll be provisionally upholding this complaint in Mr O's favour and instructing Virgin to pay a sum to Mr O equivalent to the interest that he lost out on because his initial transfer request wasn't picked up correctly by Virgin.

Mr C made the initial transfer request on 11 November, along with his wife, who made the same request on the same day. Mr C's wife's transfer completed on 14 November, and so I feel it's reasonable to assume that Mr C's transfer should also have completed on that same date.

When assessing Mr O's complaint with C, I instructed C to pay loss of interest to Mr O for the period 5 December to 18 December. This was because I felt that poor service from C had resulted in Mr O not making a new ISA transfer request when he reasonably could and should have done, with the transfer not taking place until 18 December when it should have taken place on 5 December.

As such, I'll be holding Virgin accountable for the loss of interest that Mr O incurred for the 21-day period 14 November to 5 December. And I calculate this loss of interest as follows:

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|----------------------------|------------|---------------------------------|
| Interest rate with C: | 5.15% | |
| Interest rate with Virgin: | 2.10% | |
| Difference: | 3.05% | |
| ISA Balance: | £84,483.33 | |
| Annual missed interest: | £2,756.74 | (3.05% of £84,483.33) |
| Daily missed interest: | £7.06 | (£2,756.74 divided by 365 days) |
| 21 days' missed interest: | £148.26 | |

Mr O is also unhappy that he called Virgin on several occasions and was always told that Virgin had never received any ISA transfer requests from C when that wasn't correct. And he feels that he should be compensated for the trouble and frustration that he incurred in having to chase the transfer with Virgin without success as he did.

I'm in agreement with Mr O in this regard, and so my provisional instructions to Virgin also include that they should pay Mr O a further £125 as compensation for the inconvenience and upset that he experienced here.

In taking this position, I've considered the impact of what happened on Mr O alongside the fact that it wasn't Mr O's fault that Virgin's systems weren't picking up the correct information that C sent to them. And I've also considered the general framework this service uses when assessing compensation amounts, details of which are available on this service's website. And having done so, I feel that £125 is a fair compensation amount.

Finally, I note that Virgin have paid £25 compensation to Mr C for the difficulties he experienced when trying to raise a complaint with them. This amount feels fair to me, in consideration of that specific aspect of Mr C's complaint, and so I won't be instructing Virgin to take any further action in that regard.

To summarise, my provisional decision is that I uphold this complaint in Mr O's favour and instruct Virgin to pay £148.26 to him by way of a loss-of-interest payment, along with a further £125 by way of compensation. This results in a total payment of £273.26.

Virgin didn't respond to my provisional decision. Mr O did respond and confirmed he was in acceptance of it. As such, I see no reason not to issue a final decision here whereby I uphold this complaint in Mr O's favour on the basis explained above. And I therefore confirm that my final decision is that I do uphold this complaint in Mr O's favour on that basis accordingly.

Putting things right

Virgin must pay £148.26 to Mr O as a loss-of-interest payment.

Virgin must also pay a further £125 to Mr O.

My final decision

My final decision is that I uphold this complaint against Clydesdale Bank Plc, trading as Virgin Money, on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 5 February 2025.

Paul Cooper
Ombudsman