

The complaint

Mr V complains Clydesdale Bank Plc trading as Virgin Money unfairly restricted and then closed his accounts.

What happened

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

Mr V held multiple accounts with Virgin Money, which included a loan account. In early October 2024, Mr V says he tried to make a large payment, and this resulted in his accounts being blocked. Virgin Money has confirmed it placed a block on all of Mr V's accounts to conduct a review. During this period Mr V had no access to his accounts, and all transactions were blocked.

Mr V contacted Virgin Money whilst his accounts were blocked, explaining the block was having a significant detrimental impact on him. Mr V says the service he received when he contacted Virgin Money was poor, as staff were unhelpful. Virgin Money reviewed Mr V's concerns and in its final response letter dated 11 October 2024 it explained that the blocks were necessary to ensure it could carry out essential checks on the accounts. It apologised for the customer service issues Mr V raised and said feedback would be provided.

After completing its review Virgin Money made the decision to end its banking relationship with Mr V. It issued him a notice to close letter in mid-November, explaining Mr V's accounts would close within seven days of the letter. It explained it had taken this action in line with the relevant terms and conditions of the accounts. The closing balances were issued to Mr V, and Mr V was informed he could refer his concerns to this service if he wasn't happy with its decision.

Unhappy with Virgin Money's actions, Mr V referred his complaint to this service. An Investigator reviewed the complaint, and in summary, made the following findings:

- Virgin Money carried out the account review in line with its legal and regulatory obligations. It also doesn't have to provide Mr V with specific reasons for the closures.
- The review was carried out fairly and in a timely manner.
- One of Mr V's accounts is overdrawn, and he may have adverse information recorded against his credit file if it remains overdrawn. They also explained repayments for the loan would need to continue and Virgin Money has provided details of how repayments can be made.

Mr V remained unhappy and maintained Virgin Money had acted unfairly, especially as no charges or penalties have been brought against him. Mr V said he had no access to accounts to repay the loan and clear the overdraft, and he has no account information from the last 40 years.

As no agreement could be reached, the case has been referred to me – 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 appreciate Mr V was disappointed by the Investigator's opinion. I'd like to reassure Mr V that I've considered the whole file and what's he's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

As a UK financial business, Virgin Money is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. This includes establishing the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. That sometimes means Virgin Money needs to restrict, or in some cases go as far as closing, customers' accounts.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Virgin Money has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr V, but I'd like to reassure him that I have considered everything Virgin Money has provided in light of his concerns.

Virgin Money has explained and given me information to show why it reviewed and closed Mr V's account. Having carefully considered this, I'm satisfied Virgin Money took these actions in line with the obligations it must adhere to. The checks it carried out were essential, and I find it acted on the information it held in a proportionate and timely manner.

Mr V's accounts were blocked for almost six weeks. Blocking an account can have a serious impact on customers, so there is an expectation reviews are carried out promptly. In Mr V's case I've considered its internal notes and timeline of events, and I can't see that it caused any avoidable delay. I think Virgin Money acted swiftly, and I can't see that it has exacerbated the situation in any way.

Virgin Money's review of Mr V's holdings ultimately led to its decision to end its banking relationship with Mr V. Virgin Money is entitled to close an account just as a customer may close an account with it. But before Barclays closes an account, it must do so in a way, which complies with the terms and conditions of the accounts.

Mr V was given 7 days to make alternative arrangements for his accounts. However, online access to the accounts was restricted and Mr V was unable to utilise his debit cards. I consider this to be akin to an immediate closure. The terms of Mr V's account allow Virgin Money to do this in specific circumstances, and I'm satisfied, based on the evidence I've seen, those terms have been met in Mr V's case.

I know Mr V would like a detailed explanation as to why Virgin Money took these actions. But Virgin Money isn't under any obligation to provide this. Further Mr V says Virgin Money's decision to close his accounts caused him significant distress and inconvenience. Mr V says he has had applications with other providers declined too. I do appreciate this matter

would've caused Mr V difficulty, as Mr V appears to have used the accounts regularly. The decision to close a bank account immediately can't be taken lightly given the impact it can have on a customer. But I am satisfied Virgin Money acted fairly in handling Mr V's accounts in this manner.

Virgin Money has confirmed the balances for Mr V's accounts have been returned. It has also explained that Mr V has an outstanding loan, which Mr V can make payments towards by paying into a specific account. Payments have been missed towards this loan, and Mr V has provided information which he says show the negative impact this is having on his credit file. I haven't seen a copy of Mr V's entire credit file, so I am unable to comment on the score and whether this is entirely due to Virgin Money's actions. However, even with the closure of his accounts, Mr V's liability under the bounce back loan remains. Virgin Money has given information about repayments can be made and I would encourage Mr V to liaise with Virgin Money directly about managing repayments.

Mr V says he has no access to account statements, but I can see the Investigator has offered to request these for Mr V if he requires them. Mr V believes Virgin Money's actions have resulted in an application with another bank being declined, and a buy to let mortgage application was also rejected. Virgin Money has confirmed it hasn't recorded any markers against Mr V's name with any external agencies. So although I can appreciate Mr V's frustration with Virgin Money, I can't fairly hold it responsible for the issues Mr V has experienced since it closed his accounts.

Overall, although I understand the impact on Mr V is significant, I find Virgin Money has acted fairly and reasonably in the circumstances. I know this will not be the outcome Mr V was hoping for and he will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Virgin Money to take any further action.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 11 April 2025.

Chandni Green
Ombudsman