

The complaint

Mrs M complains about the service she received from Clydesdale Bank Plc trading as Virgin Money ("Virgin") when trying transfer her ISA with another provider to it. Mrs M says Virgin repeatedly failed to complete the transfer request correctly which resulted in her funds being locked in her original ISA for a further 12 months and Mrs M losing out on a higher interest rate because of this.

What happened

Mrs M's ISA with another provider ("Y") was due to mature on 30 June 2024 leaving her until 31 July 2024 to transfer to another ISA provider or her account would automatically be transferred to Y's fixed rate ISA for another year.

Mrs M submitted an ISA transfer request to Virgin on 1 July and this was submitted to its ISA team on the same day on a printed ISA transfer request form. Unfortunately for reasons that are unclear - although the ISA transfer was chased up on 18 July - it wasn't processed. During this time Mrs M visited a Virgin branch on three occasions requesting updates but due to the agent who submitted the transfer request being on leave Mrs M was unable to get a substantive response to this.

Mrs M visited a different branch on 30 July and completed by hand another ISA transfer request form. Virgin submitted this to Y on the same day. This was rejected as there was an issue with the account details provided on the transfer request form. Virgin sent Mrs M a letter about this on 31 July explaining that the account details she had provided didn't match those held by Y so the transfer couldn't go through. As Mrs M was away she didn't receive the letter and as Virgin didn't receive any further contact the transfer request was abandoned.

Mrs M complained to Virgin about all of this.

Virgin accepted its service wasn't as good as it should've been and that it had failed to process the initial transfer. To put things right Virgin paid Mrs M the lost interest amounting to £42.90 on the funds that should've been transferred over for the period 1 July to 31 July and compensated her a further £75 for the distress and inconvenience caused.

Mrs M was dissatisfied with this and so brought her complaint to this service. One of our investigator's looked into Mrs M's concerns and agreed that the first transfer wasn't processed due to an error on Virgin's part but thought the second transfer failed due to Mrs M incorrectly filling in her account details. They thought the compensation Virgin had already paid for lost interest and inconvenience was fair for the impact caused and was in-line with what they'd usually recommend and so didn't think Virgin needed to do anything more.

Mrs M disagreed. She says the account number she wrote on the second transfer request form was correct and provided a copy of a letter from Y confirming this. Mrs M maintains that it is Virgin's maladministration that led to her ISA being locked in for another year at a lower rate of interest and wants to be compensated accordingly.

Mrs M has asked for an ombudsman's decision on the matter.

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 hope Mrs M won't take it as a discourtesy that I've described her complaint in the way that I have. Ours is an informal dispute resolution service and I've provided a summary in the background about what I consider are the key events that led to Mrs M's complaint.

It might help if I explain here my role is to look at the problems Mrs M has experienced and see if Virgin has done anything wrong or treated her unfairly. If it has, I would seek – if possible - to put Mrs M back in the position she would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable.

And having considered everything I'm in agreement with our investigator and I don't think there is anything much more of use that I can add. Mrs M is complaining about two failed ISA transfer requests which she says were due to errors on Virgin's part. As they are two separate events I'm going to deal with them separately.

Transfer One – 1 July 2024

Virgin has already accepted it made administrative errors and failed to process the initial transfer of Mrs M's ISA and that the service she received wasn't as good as it should've been. To put things right Virgin compensated Mrs M for the lost interest incurred from the day she submitted the ISA transfer (1 July) to the cut-off point where she could no longer make the transfer and when the second ISA transfer form was submitted and rejected (31 July) which amounted to £42.90.

So I consider Virgin has put Mrs M in the position she'd be in if mistakes hadn't happened – having paid Mrs M the interest she lost out on due to its administrative errors during this period.

I'm also in agreement that the compensation paid of £75 for the distress and inconvenience Mrs M suffered during this period is fair and in-line with what I'd usually recommend. Mrs M was inconvenienced having to chase the matter up with Virgin with visits to branch where she wasn't provided with any satisfactory response to questions Virgin should've been able to answer. But mistakes happen and sometimes things don't run smoothly and in this case I'm not persuaded compensation above this is warranted.

Transfer Two – 30 July 2024

Mrs M completed in hand-writing and submitted a further transfer form on 30 July which Virgin submitted to Y the same day. Unfortunately, this was rejected due to the account number on the form not matching what Y had.

Mrs M disputes this. She says the account number is correct and that it was Virgin who had incorrectly printed the account number on the initial transfer (transfer one). Mrs M has provided a copy of a letter from Y which shows the correct account number to evidence this.

I've looked very carefully at both transfers – printed (dated 1 July) and handwritten (dated 30 July) – and the letter from Y showing Mrs M's account number dated June 2024.

And although Virgin did incorrectly state the account number on transfer request form number one, I think this is irrelevant as this was never processed or received by Y – though I note the form held the full and correct roll number. And having looked at the letter provided by Y I can see that at the top of the letter it has “Savings account number” with a 10-digit number ending in “...0507”. But the number Mrs M wrote on the transfer request form number two is an 8-digit number ending in “7505” without the last two digits “07”. It appears to me that this is where the confusion lies. Mrs M has written on Y’s letter that the roll number is the account number plus “07” but Y has stated that the account number includes “07”.

Whatever the case is this isn’t Virgin’s mistake. Virgin submitted the transfer request form as completed by Mrs M in time before the cut off of 31 July and Y rejected it. So I can’t say that Virgin was responsible for the failure of the second transfer request. I appreciate that as a result of this failed transfer Mrs Y’s funds are now locked in an ISA with Y for another year, but I don’t think it would be fair to penalise Virgin for something it had no control over and so it follows that I won’t be asking Virgin to compensate Mrs M for the lost interest she’s requested or asking it to do anything more.

Going forward Mrs M should ask Y to clarify which account number it needs when transferring her ISA.

My final decision

For the reasons I’ve explained I’ve decided what Clydesdale Bank Plc has done to settle Mrs M’s complaint is fair and I’m not going to ask it do anything more.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs M to accept or reject my decision before 3 April 2025.

Caroline Davies
Ombudsman