

The complaint

Mr C has complained that Clydesdale Bank Plc trading as Virgin Money ("Virgin Money") continued to advertise a fixed term savings account as offering an interest rate of 5.05% per year, even after the 12-month fixed term had started.

Mr C says that Virgin Money was misleading consumers into thinking that they would receive an interest rate of 5.05% per year, when it would be the case that they would earn less than that if paying money into the account within the 12-month period.

What happened

Mr C saw that Virgin Money offered a 1-year fixed rate exclusive ISA (Issue 13) offering a rate of 5.05% per annum that came with a maturity date of 30 June 2025.

Mr C applied for the above account on 29 July 2024. However, Mr C was unhappy because he realised he won't have the account for the full 12-month period, because he'd opened the account after 30 June 2024.

Unhappy with this, Mr C complained to Virgin Money. Mr C said that Virgin Money was potentially misleading consumers into thinking they were getting a better rate of interest than they actually were, by allowing consumers to open the account after the one-year period had already started.

Virgin Money didn't uphold Mr C's complaint about the savings account, as it says it made the maturity date clear to Mr C and the Key Product Information document also explained that the term of the product may be less than 1 year, depending on when the account is opened.

After Mr C referred his complaint to this service, one of our investigators assessed the complaint but they didn't uphold it. In summary, they didn't think that Virgin Money had provided Mr C with misleading information about the savings account.

Mr C disagreed with the investigator's assessment, so the matter was referred for an ombudsman's 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 reviewed everything, I don't uphold this complaint. I will explain why.

To help me decide this complaint, I have looked at archived versions of Virgin Money's website from when the ISA in question was still available. I have done this to understand how the account was advertised and to understand what Mr C was likely to have seen around the time he applied for the account.

When clicking on the “View Account” button for the specific account in question, in a large red box at the top of the screen it says in large font:

“1 Year Fixed Rate Cash ISA Exclusive”.

Underneath this on the right-hand side in a large blue box it says:

“Fixed rate of

5.05%

Aer¹/ tax-free³ PA

Maturity date: 30/06/2025

View Summary Box”

So based on the above, I’m satisfied that it was made clear - without needing to read any fine print or terms and conditions - that the account offered an annual interest rate of 5.05% and that the 1-year ISA had a set maturity date of 30 June 2025.

Therefore, I think it was made clear to Mr C that firstly, the account had a pre-determined maturity date – which was not based on when they opened the account, as is normally the case. And because of this, if he opened the account or paid money into the account *after* 30 June 2024, that he would not earn the maximum amount of interest possible - as the money would not have been in the account for a full year by the maturity date.

Furthermore, when I clicked on the ‘View Summary Box’ link it said:

“What is the interest rate?

<i>Issue</i>	<i>Annual Interest % Tax-free³</i>	<i>Annual Interest % AER¹</i>	<i>Maturity date</i>
<i>13</i>	<i>5.05</i>	<i>5.05</i>	<i>30 June 2025</i>

Interest is calculated daily on your balance and paid to your account at the end of the fixed term. Or when you close your account, if that's earlier.

Please note: *Depending on when you open your account, the fixed term may not be a 12 month period. The fixed term will always end on the maturity date and the maturity date will not change.”*

So again, without having to read any small print and only looking at the basic summary information, Virgin Money made it clear that interest is calculated on a daily basis. And it was spelled out in no uncertain terms that, due to the fixed maturity date, the fixed term may not be a full 12-month period, depending on when the account is opened.

In my view, I don’t think this information was misleading. I think it was made clear to Mr C that if he opened the account, or paid money into it, during the 12-month term, then he would only earn interest on his money from that date, up until 30 June 2025.

I have also read the Key Product Information and again all of the above is in my opinion made clear within that document too. As such, whilst I appreciate that the account in question doesn’t operate as a 1-year fixed rate savings account usually does (as most fixed rate savings accounts don’t have a predetermined maturity date), I can’t reasonably say that Virgin Money provided Mr C with misleading information about how the above savings account works.

I recognise that Mr C did not earn the maximum amount of interest possible as he paid money into the account after 30 June 2024. But I don't think that Virgin Money had provided Mr C with misleading information about the ISA he'd opened. It therefore follows that I don't think it would be appropriate in the circumstances to say that Virgin Money should pay Mr C the money that he has asked for.

My final decision

Because of the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 24 April 2025.

Thomas White
Ombudsman