

The complaint

Mr M complains about Clydesdale Bank Plc, trading as Virgin Money, deducting funds from the wrong account which caused his current account to go overdrawn.

What happened

On the 13 November 2024, Mr M visited a Virgin Money store to withdraw £500 from his Flexi ISA account. The Virgin Money teller who served him, who was new and being trained by another teller or trainer, made an error and deducted the funds from Mr M's current account which had insufficient funds.

Unfortunately, this error wasn't spotted at the time, and it caused Mr M's account to have:

- A debit balance of £272.64
- An unarranged overdraft
- Debit interest applied
- Markers added to his credit file

Mr M complained to Virgin Money as their error caused him distress and inconvenience.

Virgin Money rectified the incorrect withdrawal and credit file markers. They also reimbursed the debit interest and apologised for the worry and stress their error caused Mr M. They also made a £250 compensation payment to Mr M's account.

Although Virgin Money considered that they'd fairly and reasonably put things right, Mr M brought a complaint to our service. He feels Virgin Money haven't recognised their mistake and the consequences which have caused him upset and worry.

Mr M felt that an initial consequence was that he failed Virgin Money security checks because he gave the wrong answer (he said 'no') when questioned about whether he'd ever gone overdrawn or had an overdraft. Also, he may in the future be impacted by the error as he is planning to borrow money.

Our investigator considered Mr M's complaint and said that, due to the distress and inconvenience caused, Virgin Money should pay Mr M an additional £250 compensation (£500 in total).

Mr M was willing to accept our investigator's view; however, Virgin Money disagreed as they considered the additional amount to be excessive. So, this complaint has been referred to me to look at.

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'm in agreement that Virgin Money should increase the compensation amount it offered to £500. So, I'm upholding this complaint, and I'll explain why.

I should first say:

- I'm very sorry to hear about the distress, inconvenience and worry that Mr M has experienced.
- I can't make a requirement for Virgin Money to delete all records of the error, as this would require policy, procedure and process changes and we aren't the regulator of financial services.
- As it isn't in dispute that Virgin Money's error shouldn't have occurred, what's left for me to decide is what a fair and reasonable amount of compensation is to put things right.

Assessing compensation for service errors and the subsequent distress and inconvenience isn't an exact science and our approach when making awards is detailed on our website and tends to be modest.

I considered Virgin money's comments that '*mistakes do happen*' and '*no amount of money will change what happened*', together with the following, from our publicised approach, about when a £250 award may be fair:

- Where the frustration and annoyance a consumer experiences is more than they would reasonably expect from day-to-day life.
- Where the impact of the mistake has been more than just minimal. '*These typically result in an impact that lasts a few days, or even weeks, and cause either some distress, inconvenience, disappointment or loss of expectation*'.

I found the mistake wasn't minor and the mitigation put in place (the trainee teller had a trainer) failed. Also, even if the teller and / or the trainer thought that they were following Mr M's instructions, I can't see that at any point he was informed of an adverse impact and that this would leave him with a debit balance.

Furthermore, in addition to the above mistake, when Mr M contacted Virgin Money as he was concerned by the letters he'd received, Virgin Money accept (in their complaint response letter) that they added to his distress as their agent should've '*taken the time to listen to your concerns*' and '*the call could have been managed more appropriately*'.

Although I agree no amount of money can change what happened in this case:

- Mr M feels he has already experienced an immediate consequence as to pass Virgin Money's security checks in the future he may have to comment, in the affirmative, on being overdrawn when that shouldn't have occurred.
- From reading submissions and listening to calls:
 - I'm persuaded that Mr M, who is elderly, is a vulnerable customer under the FCA definition and that Virgin Money should've been aware of this when liaising with him.
 - It appears unlikely that Virgin Money can prevent Mr M being asked security questions about a period where his account was overdrawn.
 - Mr M gets distressed at having to talk about having been overdrawn on his account. He says he has never been overdrawn in his life and he considers having to confirm he's gone overdrawn, when it wasn't his fault, to be unfair and a poor reflection on him.
 - In addition to feeling he has experienced an immediate consequence (the

above-mentioned security check), and this could happen again, he is very worried there will be future detrimental consequences, especially if he is asked to show statements as he is planning to ask lenders for credit.

- Virgin Money agree it's possible that this could come up but say it can easily be mitigated by showing their complaint response letter. However, Mr M is very worried about such a problem occurring.

So, having considered the above about Mr M and the impact of the Virgin Money error, together with our award approach, I think the circumstances here fit more closely with our summary on when it might be fair for an award to be '*over £300 and up to around £750*':

- *It 'might be fair where the impact of a mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. Typically, the impact lasts over many weeks or months, but it could also be fair to award in this range if a mistake has a serious short-term impact'.*

So, having considered the above and all the information on file, I'm upholding this complaint against Virgin Money and, to put thing right, awarding £500 compensation to Mr M.

My final decision

My final decision is to uphold this complaint, and I require Clydesdale Bank Plc, trading as Virgin Money, to:

- Pay Mr M £500 compensation less any amounts already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 30 June 2025.

Paul Douglas
Ombudsman