

The complaint

Ms V is unhappy with Clydesdale Bank Plc trading as Virgin Money's handling of her ISA transfer from another financial institution I will refer to as "N".

What happened

Ms V manually tried to transfer her ISA funds to Virgin Money. She didn't use the ISA transfer forms or arrangements. Instead from her total attempted transfer of £50,000 only £20,000 was accepted as the maximum allowed for the existing year to use up the years tax contribution and the rest was returned to N.

This wasn't what Ms V was looking to achieve at all. She said Virgin Money were unhelpful throughout. She said the details on its website were unclear and this led to her not fully understanding what the process was and how to use it. She said Virgin Money shouldn't have just returned the £30,000 to N as she wanted all the money kept together as part of one ISA.

Matters got worse when nobody could find the returned funds – Virgin Money or N. It took a few weeks before N was able to confirm it had received the money back. Ms V said it was very stressful trying to find out where her money had gone.

Virgin Money apologised. But it noted it was Ms V who had incorrectly transferred the £50,000 as she hadn't completed the required ISA Transfer Authority Form (TAF). Virgin Money said as N was having difficulty tracing the money it provided it further reference numbers and details. It said it had an email showing N had accepted the returned funds.

Virgin Money said it was right and correct to return the rest of the money to N. It said the details were clear in the Key Product Information it provided to Ms V when the account was opened. It said:

"If a deposit results in your account going over the maximum deposit limit or the annual tax-free allowance, we will return the excess money to you."

Virgin Money said the matter could be rectified. It said if N confirm it will accept the £20,000 back and put it back in the ISA with the original £30,000 already returned then Ms V would get the opportunity to start again and complete the process correctly. It said this was a decision for N.

As the matter couldn't get resolved Ms V brought her complaint to this service.

Our investigator didn't uphold the complaint. He accepted Ms V manually tried to transfer the money rather than use the right forms. He said this meant the money couldn't stay within the usual ISA wrapper and so Virgin Money could only accept the £20,000 and had to return the rest to N. Our investigator said it was clear Ms V didn't understand the process. He confirmed he had seen screenshots from Virgin Money showing how its step by step guide to ISA transfers worked. He didn't think Virgin Money did anything wrong when it returned the rest of the money to N.

Ms V didn't accept this and asked for her complaint to be passed 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 completely understand why Ms V wanted Virgin Money to contact her before it sent the money back to N. But as no official ISA process had been followed by Ms V I don't think I can blame Virgin Money for this. I think it did as it would expect to with what appeared to be a new ISA opening request. It filled the tax allowance amount for the existing year and returned the rest.

I accept what Virgin Money said about Ms V not using the correct form and process. It explained this to Ms V when she made contact. It returned the £30,000 on 21 April 2023. I don't think it could have acted any more quickly than it did. After that I don't think the delays can be linked to Virgin Money it had acted and returned the funds. This was in line with the Key Product Information. It said, *"If a deposit results in your account going over the maximum deposit limit or the annual tax-free allowance, we will return the excess money to you."* I think the details provided by Virgin Money were clear and it acted fairly and reasonably throughout. I understand Ms V thinks it was unhelpful, but I don't see that. I think Virgin sent the money back and provided support throughout even though it no longer held the £30,000.

Virgin Money did continue to support Ms V by providing reference numbers to her, sending emails to N showing it had accepted the payment on 4 May 2023, etc. It said it hadn't done anything wrong. And I accept that point.

Virgin Money did suggest Ms V could ask N to accept back all the funds including the £20,000 it had deposited. It said she could ask it to try and reinstate the whole previous ISA and then go through the correct process with the required ISA Transfer Form. It confirmed it would need written confirmation from N before it could act any further on this point. I think that was a fair suggestion by Virgin Money.

Regarding Ms V's further later request that did come via the correct TAF on 24 April 2023 to transfer £46,000 Virgin Money sent this to N on 26 April 2023 and chased again twice in May. N then responded confirming there was only just over £23,000 left in the ISA N was still looking after. Virgin Money as it had the right form this time went back to Ms V and asked for further instructions.

I think Virgin Money acted fairly and reasonably throughout.

My final decision

I don't uphold this complaint.

I make no award against Clydesdale Bank Plc trading as Virgin Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms V to accept or reject my decision before 30 July 2025.

John Quinlan
Ombudsman