DRN-5747911

The complaint

Ms B complained about what happened after Clydesdale Bank Plc trading as Virgin Money blocked a payment she wanted to make.

What happened

Virgin Money stopped a payment Ms B wanted to make and blocked her online banking access, locking her out of her accounts until she was able to clear security.

When Ms B complained, Virgin Money upheld her complaint in part and offered her £100 compensation by way of apology for poor service issues it identified.

Ms B didn't feel this was a satisfactory response and so she brought her complaint to us. Our investigator agreed that the level of customer service could have been better in some respects but thought that Virgin Money's offer was fair in all the circumstances.

Ms B disagreed with our investigator, saying (in brief summary) that compensation wasn't something she had raised and Virgin Money blocking access to her bank accounts was never part of her complaint. She put things this way: '*...My complaint was that it took 3 weeks of very time-consuming effort on my part to restore access to my accounts*.'

Ms B asked for an ombudsman to review this complaint, so it comes to me to decide.

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 can understand why what's happened has been upsetting and frustrating for Ms B. But having thought about everything, I've independently reached the same overall conclusions as our investigator. I'll explain my reasons.

I'm sorry that Ms B feels our investigator wasn't impartial or didn't investigate fully – including not enquiring in more detail about what the impact of what happened had been on Ms B and the particular difficulties this caused in her particular situation. But whilst I appreciate how strongly Ms B feels about everything that happened, like the investigator, I've approached this complaint in a way that reflects the informal service we provide.

We consider the evidence presented by the parties and reach an independent, fair and reasonable decision based on the facts of the case and the evidence provided by both sides. It's part of my role to identify what I think are the key issues here – our rules allow me to do this. This means I may not address every single point or question raised and I've summarised much of what Ms B has said in my own words. But it doesn't mean I haven't considered all the evidence and what's been said – it just means I haven't needed to specifically refer to everything in the same detail as Ms B in order to reach a decision in this case.

In order to uphold Ms B's complaint I would have to find that Virgin Money made an error or acted in a way that wasn't fair and reasonable and this led to Ms B suffering financial loss or some other detriment that Virgin Money hasn't done enough to put right. So this is the focus of my decision.

The crux of Ms B's complaint, as I understand it, is that Virgin Money '...*does not have robust procedures for restoring access to accounts after a block has been placed but no fraudulent activity has taken place...My interest is not in compensation but in ensuring that the appalling treatment of customers by (Virgin Money) is exposed and does not recur...'*

The role of the Financial Ombudsman Service is to resolve individual complaints and to award redress where appropriate. I do not have the power to tell financial businesses how to operate and their internal processes come under the oversight of the regulator - the Financial Conduct Authority (FCA). For these reasons I won't be responding to Ms B's concerns about the way Virgin Money operates and its procedures. I'm concentrating in my decision on whether Virgin Money treated Ms B in a fair and reasonable way overall, including whether it has done enough to put things right in respect of poor service issues identified.

I've taken into account that:

- Virgin Money acted in line with its legal and regulatory obligations when it stopped the payment that Ms B wanted to make for security checks. Banks have an obligation to take steps to keep customers' accounts safe and prevent fraudulent transactions. It can sometimes mean the bank blocks legitimate payments that a customer wants to make - but it doesn't necessarily mean the bank has acted incorrectly or unfairly. Checks undertaken as part of Virgin Money's security process are designed in the interests of customers to help keep their money safe and prevent fraudulent activity on their accounts.

- I can understand why Virgin Money identified that further checks were needed after speaking to Ms B and she was unable to complete the necessary security questions. This is why her online banking was blocked and I am satisfied that Virgin Money acted in line with its business terms (which Ms B would've signed up to when she opened the account) when it did this.

- Virgin Money explained to Ms B that she could obtain a mini statement from a branch or post office cashpoint machine. I've listened carefully to the call recordings provided and despite what Ms B has said, I am satisfied that she wasn't told to ask post office staff for a statement or to visit another high street building society to get help with a Virgin Money account. When Ms B said she couldn't access her online banking in order to be able to answer questions about her account, the call-handler said*:'… with your debit card you can print your mini bank statement from the post office then you ring us back with that you'll be able to answer most of those questions*'. And whilst she's forgotten this now, I think she understood this at the time because Ms B asked: ...*From a cashpoint*?' and when the call handler confirmed yes, she said '*OK*'.

- Nor did Virgin Money tell Ms B she could expect contact from the bank after she sent in passport information. I appreciate that she thinks this is what ought to have happened. But that's not part of Virgin Money's process and I am satisfied Virgin Money made it clear to Ms B that the onus was on her to contact Virgin Money after sending in photographic evidence.

- I don’t agree that Virgin Money did anything wrong when it terminated a call with Ms B when was unable to complete its verification checks. It’s possible this could have been done with more sensitivity, but Ms B was talking over the call-handler making it difficult to hear what the call-handler was saying - so I don’t think this would’ve made any real difference here. Ending the call was the process Virgin Money call handlers must follow in that situation. And I think what happened here was broadly reasonable, because there’s a limit to how long I’d expect Virgin Money to discuss an account with a person who isn’t able to satisfy account security and Virgin Money had already told Ms B what needed to happen. Another way of looking at this is to consider Ms B’s own time - there was no point in continuing a call that wasn’t going to lead to Ms B regaining access to her accounts when she continued to be unable to answer security questions. So prolonging an unproductive call wouldn’t have been in her best interests.

For these reasons, I don’t consider that Virgin Money was responsible for how long it took for the account restrictions to be lifted and Ms B was able to regain access to her accounts. As far as I can see, this happened reasonably promptly after Ms B completed Virgin Money’s security process satisfactorily.

But Virgin Money has admitted that in some respects its service fell short of the standard of service its customers are entitled to expect. Virgin Money apologised for call waiting times and for confusion and a wasted journey when Ms B had thought someone at the post office or another building society could provide her with an account statement. So as Virgin Money has upheld this part of Ms B’s complaint, I've thought about the question of fair redress.

Ms B described the impact on her of what happened. She told us it was problematic for her having to spend ‘*many hours’* on the phone, often needing to hold to speak to someone at Virgin Money, when she has a pressured job that allows little opportunity for taking or making personal phone calls. Being locked out of her Virgin Money accounts meant she had to rely on a credit card to meet a major expense and she missed out on being able to use her annual ISA allowance.

I haven’t been provided with anything to show that Ms B is out of pocket as a result of any poor service on the part of Virgin Money. I haven’t found that missing the ISA deadline or having to put some spending on a credit card was the result of anything Virgin Money did wrong – those things were the result of Ms B not being able to complete account security sooner and I haven’t found that Virgin Money was to blame for that.

Overall, I think the £100 payment Virgin Money has offered for distress and inconvenience by way of apology seems fair to me in all the circumstances. I don’t seek to underestimate or minimise the impact of what happened on Ms B. But I haven’t seen or heard enough to make me think it would be fair to require Virgin Money to do more here. I am satisfied this amount matches the level of award I would make in these circumstances had it not already been proposed. It is in line with the amount this service would award in similar cases, and it is fair compensation for Ms B in her particular situation.

I appreciate that Ms B said she isn’t looking for Virgin Money to pay her compensation here – but this is all this service can fairly and reasonably require Virgin Money to do in this situation.

Ms B has raised several different complaint points over the course of this matter to which our investigator has already responded. There’s nothing further I can usefully add to what our investigator has said already, so I don’t need to comment further. I appreciate that my decision may be disappointing for Ms B but I hope that setting things out as I've done helps to explain how I've reached my conclusions.

Putting things right

Virgin Money should pay Ms B £100 compensation, as it has already offered to do, to reflect the impact on her of its poor service.

My final decision

My final decision is that I uphold this complaint in part and direct Clydesdale Bank Plc trading as Virgin Money to take the steps set out to put things right for Ms B.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 17 September 2025.

Susan Webb
Ombudsman