

The complaint

Mr A complained that Clydesdale Bank Plc trading as Virgin Money should pay more compensation than offered in connection with its admitted poor service after his online banking access was blocked.

What happened

Virgin Money blocked access to Mr A's account in July 2024 when it was contacted by someone claiming to be Mr A (but who sounded female) requesting a One Time Passcode (OTP) to authorise a payment from the account.

Mr A subsequently contacted Virgin Money when he found his telephone and internet banking blocked. It was explained that he needed to go to a branch with identification (ID) to unblock the account.

Mr A told us he tried unsuccessfully to sort out the ID issue, making seven attempted visits to a branch before he went overseas. He then called and spoke to Virgin Money from abroad when he was having problems accessing and operating his account. Efforts were made to resolve the issue remotely and Virgin Money told Mr A on 19 September 2024 that there were no longer blocks on his account but said there was a further technical issue preventing him logging-in to his account online and getting OTPs to verify payments – which it would look into further.

When Mr A complained to Virgin Money, it explained why it had applied the block and said this was for security reasons. But Virgin Money agreed that he'd received poor service over the phone and offered £100 compensation and invited Mr A to get in touch further if he felt there was any additional financial impact.

It wasn't until mid-November 2024 that Mr A was enabled to successfully operate online banking and telephone banking.

Mr A complained to us about his experience with Virgin Money and one of our investigators looked into his complaint. Ultimately, our investigator thought that Virgin Money needed to do more to put things right. He suggested Virgin Money should pay Mr A £200 compensation and also cover interest charges Mr A incurred for not being able to use internet banking.

Mr A didn't agree with the investigator's proposed settlement – he felt much more compensation was due and said he'd been promised more. Virgin Money wanted more clarity and said that increasing compensation to £200 to reflect Mr A not being able to use internet banking seemed a lot when it didn't look like he'd used online banking very much after it was restored.

When the complaint was passed to me to decide, I issued a provisional decision. Here's what I said:

The main background facts are not in dispute. Mr A had problems using online and telephone banking to access his Virgin Money accounts for many months. The issue started

when Virgin Money blocked his account – and there were other reasons why it took so long for Mr A's access to be restored. As Virgin Money has upheld the complaint in part and accepted that it could've provided a better overall service here, I will concentrate on the question of fair redress, which is the main reason Mr A has requested an ombudsman referral.

The crux of Mr A's complaint, as I understand it, is that he feels the investigator's view failed to address the seriousness of what happened. He put things this way: '*... I am extremely disappointed by the lack of acknowledgment for the hardship and financial damage I have suffered due to Virgin Money's actions — or rather, inaction — over the course of eight months...*'

I can see that Mr A has been caused upset and suffered significant inconvenience during the course of his dealings with Virgin Money and I'm sorry for the difficulties this caused him. But I think there are a number of issues that have got mixed up here. The block placed on his account access wasn't the only reason Mr A had problems using online and telephone banking. And I don't think everything that went wrong was Virgin Money's fault. I'll explain why I say this and I'll use the same headings as Mr A and address the issues he raised in response to the investigator's view.

Locked Out of My Own Account for Eight Months

From what I can see, the account was blocked in early July 2024. I've taken into account this happened because, from what Mr A has said, it seems likely the person he said he'd shared his account details with was attempting to access the account by impersonating him. Sharing confidential account details that enabled someone else to gain access to his account was a breach of the account terms and conditions on Mr A's part. And had he not done that, it wouldn't have been possible for the person calling to get through Virgin Money's initial security checks and an account block might have been avoided.

Mr A was the only person entitled to operate accounts in his sole name. So I am satisfied that Virgin Money was within its rights to block Mr A's account access in this situation. This action was in line with Virgin Money's business terms that Mr A would've signed up to and agreed when he opened his accounts. And it was reasonable for Virgin Money to take this step to protect Mr A's money when it had good reason to think that someone else was trying to make a payment from one of his accounts.

Nonetheless, I'd still expect Virgin Money to act fairly towards Mr A in this situation. Virgin Money has admitted that during phone calls that followed, Mr A was given little explanation about what happened and it wasn't clearly explained how he could resolve matters. But it's agreed that Virgin Money did make Mr A aware that he needed to go to a branch with ID before the account restrictions could be lifted. Mr A said he was '*...forced to make seven in-person branch visits...*' but Virgin Money doesn't have any record of this. Mr A clarified that two of the visits were to closed branches. But even so, Virgin Money said none of the staff at the branch he said he'd visited recalled Mr A and if he'd attended with ID, this would've been copied and processed internally and Mr A would've been connected to Virgin Money's fraud centre whilst he was in the branch.

My role is to consider the evidence presented by Mr A and Virgin Money and reach an independent, fair and reasonable decision. My findings are made on a balance of probabilities, in other words, what is more likely than not, based on the evidence provided by the parties. I have no reason at all to doubt that Mr A is certain about what he's told us, but I think he's misremembered. He's not been able to provide specific dates or times so it's not been possible to verify what he's told us. And I think it's likely that Virgin Money would've followed its usual process had he attended at a branch with ID and unlikely that it would've failed to do this on five separate occasions. So, applying the balance of probabilities test, as

I'm required to do, I don't consider that Virgin Money is to blame for the fact that Mr A wasn't able to sort out the ID issue sooner.

In the event, it looks like that was sorted when he phoned from overseas in September 2024 and, at the initiative of the call handler, an alternative means of verification was agreed and successfully completed. Virgin Money emailed Mr A on 19 September 2024 to confirm there were no longer blocks on his account.

Thinking about the account block issues and taking all this into account, I am satisfied that Virgin Money removed the account restrictions promptly once it was able to do so.

Virgin Money also told Mr A that there were further issues preventing him being able to bank online and receiving OTPs. There seem to have been some technical issues that proved to be barriers to Mr A being able to operate his accounts even when his access was unblocked. I've seen no further explanation about what the problem was. But I think it's worth mentioning here that we make clear on our website that whilst technical issues can arise which create problems and cause things to go wrong from time to time, it doesn't necessarily follow that we would always award any or any significant compensation for this. That's because it's reasonable to accept that it's inevitable that sometimes technology will let us down.

Unfortunately, at some point between 15 November 2024 and 2 December 2024, Mr A's customer number was changed – although Virgin Money couldn't say why or who had requested the change. Virgin Money said that Mr A's online banking could be re-registered under his new customer number by visiting its website and I understand this finally enabled Mr A to regain full access to his accounts.

Mr A felt that Virgin Money had acted irrationally when applying the restrictions in the first place – he said he couldn't understand why he was able to continue using his debit card to make payments if Virgin Money was concerned about account security. But it's up to Virgin Money to decide what action is required to protect customers and keep their money safe and prevent fraudulent activity on their accounts. I'd expect its actions to be proportionate to the risk identified. And I can see that Mr A continued to operate his account whilst his internet and phone access was restricted – so it was to his advantage that he was able to do this and it would have been much more inconvenient for him if that hadn't been possible.

He's also said that Virgin Money should've contacted him straightaway when the block was applied. But that wasn't part of Virgin Money's process and how businesses choose to operate and their internal processes come under the oversight of the regulator - the Financial Conduct Authority (FCA). So it's not up to me to tell Virgin Money how it should've dealt with Mr A when it blocked his account. And I can understand why Virgin Money wasn't able to be satisfied that it could communicate securely with Mr A when it had good reason to think an unauthorised person had access to his phone and log-in details. So, for security reasons, it would've made sense to leave it up to Mr A to make contact himself - which is what happened.

Foreign Transaction Fees Incurred Unfairly

Mr A told us he incurred foreign transaction fees because he was forced to use an alternative payment method while locked out of his account. He said this was a direct consequence of Virgin Money's failure to provide basic access to his funds. But I've explained above why I think Virgin Money acted reasonably when it applied account restrictions and why I can't fairly hold Virgin Money entirely responsible for the ID issue not being resolved sooner. I note also that Mr A has provided no supporting evidence of these costs. So for all these reasons, I can't fairly require Virgin Money to reimburse Mr A under this heading.

Significant Financial Loss – £30,000 Inaccessible

Mr A said being locked out of his account meant he'd missed out on an investment opportunity and the financial impact was equivalent to the interest payable on a £30,000 loan over eight months. But we don't generally award compensation for potential missed investment opportunities without clear evidence of financial loss, because investments can go up and down and any loss doesn't crystallise until the investment matures or is sold. And here, given that internet and phone banking weren't his only options and Mr A could (and I can see from his account statements that he did) access money in his account other ways, I can't fairly hold Virgin Money responsible for any investment loss in this situation.

Broken Promise of Daily Compensation

Mr A said he was explicitly promised £10 per day in compensation by a Virgin Money representative over the phone. But I've listened carefully to the call recordings and I think he's mistaken on this point. He provided contradictory information about this to us and to Virgin Money and I think he may have forgotten that this was his suggestion – not ours or Virgin Money's. That said however, I can understand why Mr A feels Virgin Money should be held to account for its admitted poor handling of matters and I've kept in mind everything he's said when thinking about compensation.

Our approach to redress is to aim to look at what's fair and reasonable in all the circumstances of a complaint. One way we would try and do this impartially here is to put Mr A in the position he'd be in if Virgin Money hadn't been responsible for poor service issues. So my starting point is to think about the impact on Mr A of what happened as a result of shortcomings in the service provided here by Virgin Money.

I haven't been provided with anything to show that Mr A is out of pocket as a result of what happened. Virgin Money offered (as long ago as September 2024) to reimburse Mr A if he provided evidence to show that he incurred credit card interest due to not being able to send a payment when he would've done had he been able to access the money in his account. This offer has been repeated several times since then and re-iterated by our investigator but, as far as I can see, Mr A hasn't responded to this offer. Without some paperwork to show he paid extra for his credit card borrowing due to his account access being blocked, I can't award £200 compensation for this as Mr A has asked me to. As Mr A hasn't produced credit card statements showing that he paid *extra* interest whilst he was unable to access his account online or by phone and I can't see any evidence of any such payments on his Virgin Money account statements, I make no specific directions in this regard. Virgin Money has however said it would be happy to cover any fees he incurred from not being able to pay his credit card bill if he sends Virgin Money proof of this. So it's up to Mr A to send Virgin Money the supporting evidence it has requested if he wishes to follow this up and he should do so within one month of the deadline for acceptance (*of my decision*).

Fair compensation isn't however just about monetary loss – it also needs to properly reflect the wider impact on Mr A of Virgin Money's service failings. Generally, we expect consumers to take reasonable steps themselves to limit the impact of things going wrong. The block was only applied after Mr A improperly shared his account details and it's likely that Mr A could have regained his account access sooner if he'd attended a branch with ID and sorted this out before he went abroad. Set against this, Virgin Money admitted shortcomings in the service it provided and it seems likely to me that the technical issues that continued to prevent Mr A accessing his accounts weren't due to anything Mr A had done wrong but more likely an issue at Virgin Money's end. It's fair to recognise that the resulting delay in Mr A having full access to his accounts impacted adversely on him and I think it is reasonable that Virgin Money should bear responsibility for the aggravation and upset the actions it was responsible for caused Mr A. It seems clear that not being able to use internet banking was problematic for him at the time, even if he has since made little use of the facility.

The £200 overall figure suggested by the investigator matches the level of award I would make in these circumstances had it not already been proposed. I don't doubt that Virgin Money's poor handling of matters, as described above, caused Mr A significant distress and inconvenience. I am satisfied that £200 is in line with the amount this service would award in similar cases and it is fair compensation for Mr A in his particular circumstances.

What the parties said in response to my provisional decision

Mr A said he was '*promised*' compensation of £10 per day and felt we should do more to find evidence of this. He requested an extension of time (which was granted and then further extended) to produce credit card statements that would show he incurred *extra* interest as a result of not being able to pay his credit card bill on time due to Virgin Money's poor service.

Virgin Money hasn't made any additional comments.

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.

This includes listening to the call recordings provided.

I've taken into account everything that Mr A has said, including his comments made during the correspondence that followed my provisional decision. He has not however provided any new information or supplied any additional paperwork and I'm not persuaded by what he's said to change my provisional decision.

I have not been provided with any further information showing any financial loss so I make no directions about this.

And, for all the reasons explained in my provisional decision, I am satisfied that £200 is fair and reasonable compensation to reflect the extent and impact of Virgin Money's poor service on Mr A.

Putting things right

If it hasn't already done so, Virgin Money should pay Mr A £200 compensation. (Virgin Money can set off against my award any compensation it has already paid Mr A in connection with this complaint.)

My final decision

I uphold this complaint in part and Clydesdale Bank Plc trading as Virgin Money should take the steps set out above to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 6 October 2025.

Susan Webb
Ombudsman