

The complaint

Miss N complains that Clydesdale Bank Plc, trading as Virgin Money, blocked access to all her accounts following the opening of a new account. Upon providing the necessary information to Virgin, the blocks remained in place for an unnecessary period.

What happened

Miss N held two accounts with Virgin to which her father contributes and has joint access. But Virgin prevented a payment to an account in May 2025, and Virgin advised that Miss N open another ISA. Miss N opened a new account on 3 June 2025, but when she tried to deposit funds all three accounts were locked with a message 'Access Denied.'

Miss N complained to Virgin and was told she should confirm her details for 'Know Your Customer' purposes. Miss N couldn't understand this requirement for the existing accounts as this information is already held with deposits accepted. She provided the information in any event, but said her accounts remained blocked with no access to her funds.

Virgin said when an account opens the details go to automatic verification which may request identification regardless of existing accounts. And may involve further random checks with a temporary stop on all accounts with no access to funds. Virgin said it appreciated the frustration caused to Miss N, but as it had followed the procedures it had acted correctly. Virgin said that once the checks were completed, it would contact Miss N.

Miss N said she told Virgin she was thinking of moving house and needed access to her savings and could not provide proof of funds which could mean losing the house she was considering. She said Virgin responded on 27 June thanking her for providing identification and said her account is now up and running. However, Miss N said her two original accounts remained 'Access Denied' and she feels that her money has been stolen from her.

Miss N said she has tried to correspond and email Virgin to regain access to her funds and said she no longer trusts Virgin. She said Virgin has given no indication of what steps it will take to resolve this issue and hasn't asked for anything else. Miss N referred her complaint to our service and said her plans to move house have been ruined as she could not provide proof of funds. She wants compensation for this loss and for all of the stress caused.

Our investigator recommended the complaint be upheld. He said Virgin made no error in restricting Miss N's accounts and checking her new account. But it made an error when requesting the information as it didn't include a requirement for her to amend the nominated bank details to her own. This was not requested until 2 July 2025, causing delay and hasn't been explained to Miss N, which caused frustration and uncertainty with regard to her funds. The investigator said Virgin should pay Miss N £150 compensation for the distress and inconvenience caused and should contact her to explain what is still required and how to amend the details so the blocks can be removed. Miss N agreed with this resolution, but Virgin did not respond and so the complaint has been referred to me 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 was sorry to learn that what should have been a straightforward account opening process has turned into a prolonged and worrying experience for Miss N. It's our role to identify if a business has made a mistake and if so, look at the impact this has had on the consumer. I think Virgin has made a mistake and I will explain why I have reached this conclusion.

When Miss N opened her new account in June 2025 Virgin placed a block on all her accounts pending identification verification. Virgin requested information from her the following day and correctly set out its obligations to meet regulatory requirements concerned with 'Know Your Customer' checks as reflected within its terms and conditions. I think Virgin acted correctly in this respect.

Virgin has referenced a temporary block on all Miss N's accounts until the further checks were completed. Virgin emailed Miss N on 27 June 2025 to say its checks have been completed. I agree with Miss N that this meant the block on her accounts should no longer apply. However, Miss N was left without access to her accounts or any explanation as to the reason for this or what further information she should provide.

Virgin contacted Miss N on 3 July 2025 to say that the contact details and nominated bank details registered to her account are in a third-party name and these should be amended to her own personal details. Miss N responded the same day that she would do this but questioned her ability to do so while her accounts remained blocked.

Virgin has explained that when it requested information in respect of the latest account opened by Miss N it overlooked a request for Miss N to change the nominated bank account details. Virgin has said that when this was realised and Miss N notified, she wasn't able to make the changes needed and as result had to contact Virgin again.

The difficulty for Miss N is that when Virgin put a stop on an account pending the receipt of information, it also puts another stop, on the account, restricting the account to view only and the ability to make amendments, such as changes to the nominated bank details. Virgin then said it made an error in removing all the stops prior to the nominated bank details being amended which has allowed Miss N to withdraw all of the funds apart from those held in a fixed rate ISA, which have been sent to the nominated bank in her father's name.

Virgin said to enable further funds to be released it still requires Miss N to amend the nominated bank details to an account in her name. It may be that Miss N has already, or is able to do this. However, if she is unclear Virgin should respond promptly to any contact from her by explaining what is still required so that the blocks can be removed.

Miss N was under the impression that once her identity details had been submitted the issue would be resolved. I can see there were several opportunities where Virgin could have explained the situation and how to resolve matters, but no action was taken. I agree with the investigator that had Virgin spoken with Miss N, she would have taken action to amend the nominated account details and access to her accounts could have been restored sooner.

Putting things right

Having reviewed all the circumstances of Miss N's complaint, I have found that she received poor service from Virgin as described above, and that this has continued in its failure to respond to our investigator's view of the complaint. Miss N has mentioned the distress she felt and the lost opportunity of buying a property. Whereas we can't award compensation for

speculative losses, we do reflect the distress and inconvenience unnecessarily caused to consumers, and in doing so I think Virgin should pay Miss N £200 compensation.

My final decision

For the reasons I have given it is my final decision that the complaint is upheld. I require Clydesdale Bank Plc, trading as Virgin Money to pay Miss N compensation of £200 for the inconvenience and distress its poor service has caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 11 December 2025.

Andrew Fraser
Ombudsman