

The complaint

Mr S, on behalf of company P, is unhappy Clydesdale Bank Plc trading as Virgin Money blocked their account with no notice or explanation as to why.

What happened

Virgin Money blocked P's account on 15 April 2025 whilst it conducted a review.

Mr S complained to Virgin Money as the block was causing P a great deal of inconvenience, as they were unable to trade or pay wages. There was money in the account belonging to his clients which he asked for Virgin Money to return but this wasn't actioned. When he complained, none of the advisors would tell him anything.

Mr S initially thought the block could be related to a change in his company name which he hadn't communicated to Virgin Money yet. But he sent all the information pertaining to this and it didn't help.

Mr S explained that the matter caused him great deal of stress as the company was quite new and couldn't trade. He also mentioned he'd had a recent medical procedure, and the stress was making his condition worse.

Virgin Money issued its final response on 20 May 2025. It didn't uphold P's complaint about the account block, explaining that they were following their legal and regulatory obligations and couldn't provide any further information at that time.

Mr S, on behalf of P, referred the complaint to this service as he remained unhappy with the ongoing block and Virgin Money not telling him what was going on. Our investigator didn't uphold P's complaint. She explained that having considered Virgin Money's reasons for blocking and reviewing P's account, she was satisfied they had acted fairly and in line with their legal and regulatory obligations. She explained that Virgin Money didn't have to tell P their reason for the block or review and whilst acknowledging the inconvenience caused to P, she wasn't able to recommend Virgin Money compensate them.

Mr S, on behalf of P, didn't agree explaining that although Virgin Money are within their rights, they have treated P extremely shabbily and unfairly. He doesn't feel blocking an account for two months to investigate a handful of transactions is fair.

Because Mr S, on behalf of company P, disagreed, the complaint has been passed 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 will start by clarifying my decision is focused on the block Virgin Money applied to P's account up to the date of the final response on 20 May 2025. We have made Mr S aware that if he is unhappy with what happened after this point, including the closure of P's

account, this would need to be a new complaint as Virgin Money would need time to consider this and issue a response.

Having reviewed the block applied to P's account, I won't be upholding the complaint. I'll explain why.

Virgin Money has a wide range of legal and regulatory obligations they must meet when providing account services to their customers. This includes monitoring accounts, knowing their customers and verifying the source and purpose of funds moving through accounts. These obligations are ongoing so don't just apply at account opening stage. If Virgin Money didn't do this, they could risk serious sanction.

To comply with these obligations, Virgin Money may need to block an account whilst a review takes place. And having considered why Virgin Money blocked P's account, I find they acted fairly and made a legitimate business decision to ensure they were complying with their legal and regulatory obligations. I'm also satisfied that, in the circumstances, Virgin Money had no obligation to tell Mr S beforehand that they were going to apply a block to the account.

I appreciate Mr S wants to know the reason Virgin Money blocked P's account and I acknowledge his frustration at his requests for this going unanswered. I know this will be disappointing to Mr S but I'm satisfied Virgin Money doesn't have to share their reason for blocking the account with him. This type of information is often commercially sensitive. They do however have to share it with our service, so we can ensure it is acting correctly and as explained already, I'm satisfied they did here. Our rules allow us to accept evidence in confidence, and it wouldn't be appropriate for me to share the reasons with Mr S, for the same reason as above. But I hope that it helps Mr S to know that someone impartial and independent has looked into his concerns.

Whilst Virgin Money was entitled to block P's account, we would expect a review to be carried out without any undue delays. And having reviewed Virgin Money's actions during the block, I'm satisfied it didn't cause any delays and that the time taken was reasonable and proportionate for them to carry out its review in line with their legal and regulatory obligations.

So, while I appreciate the serious impact the block had on P – and my decision is in no way meant to belittle this - I'm satisfied Virgin Money acted appropriately here. I therefore won't be asking them to compensate P for the inconvenience caused while the account was blocked.

My final decision

My final decision is that I don't uphold P's complaint against Clydesdale Bank Plc trading as Virgin Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 23 December 2025.

Sarah Brimacombe
Ombudsman