

The complaint

A limited liability partnership, which I'll refer to as 'B', is unhappy that Clydesdale Bank PLC, trading as Virgin Money, won't pay backdated interest on its account.

B's complaint is brought to this service by one of its partners, whom I'll refer to as 'Mrs P'.

For ease of reference, if there are instances where other members of the partnership have acted on B's behalf in ways relevant to this complaint (such as in the setting up of the account, etc.), I won't refer to those partners separately but will refer to Mrs P instead.

What happened

Mrs P applied to Virgin on B's behalf for a Professional Firms Client ("PFC") Account which she believed would attract interest on the account balance. However, when Mrs P received an account statement from Virgin, she noticed that no interest was being paid.

Mrs P contacted Virgin about this and was told that by default a PFC account didn't accrue any interest and that the account holder had to request that interest be paid and negotiate an interest rate with Virgin. Mrs P wasn't happy about this and felt that Virgin's terms in this regard were unclear. So, she raised a complaint on B's behalf.

Virgin responded to Mrs P but noted that their website states that client accounts pay 0% interest by default and that it is the applicant's responsibility to contact Virgin and negotiate an interest rate for the account if required. Mrs P wasn't satisfied with Virgin's response, so she referred B's complaint to this service.

One of our investigators considered this complaint. But they didn't feel that Virgin had acted unfairly in how it had administered B's account as Mrs P contended. Mrs P remained dissatisfied, so the matter was escalated 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.

This includes reviewing the terms and conditions and direct product literature for Virgin's PFC account, and nowhere in those documents can I find any reference to the account being an interest-bearing account or any details of an interest rate that would be payable.

During their review of this complaint, our investigator asked Mrs P why she believed the account would pay interest, to which Mrs P explained: *'We were impressed by the savings rate shown on Virgin's website, when compared to others at the time, so decided to apply for an account with them'*.

But the PFC account that Mrs P then applied for isn't a savings account – it's a business current account. As such, the savings rates offered by Virgin would have no bearing on whether the PFC was or was not an interest-bearing account. And, as explained above,

there is no mention in the PFC account literature of an interest rate that would be paid to the account.

Accordingly, I feel that Mrs P's expectation that interest would be paid on the account is the result of an incorrect assumption on her behalf. And I don't feel that there was any reasonable grounds for Mrs P to have assumed that interest would be paid on the PFC account, given that no rate of interest was advertised regarding that account.

However, I don't agree with Virgin's statement, that their website clearly states that a PFC account is by default set up as a non-interest-bearing account, because there is no statement to that effect in any of the direct product literature or on the PFC account page on Virgin's website.

Instead, the only mention of this fact that I can find is on an account comparison page, where the features of several business current accounts are compared against each other. But given that Mrs P was looking to open a PFC account on B's behalf, I'm satisfied that there would have been no reason for her to view a page that compared the type of account she wanted to open with several other account types that she had no interest in.

As such, while I do feel that Mrs P held an incorrect assumption that the PFC account would be an interest-bearing account, I also feel that Virgin's account literature and terms and conditions are at best unclear about that matter, and I would reasonably expect an account feature as potentially important as interest accrual to be more clearly signposted and explained.

This leads me to the following question: Do I feel that Mrs P's responsibility to have understood the nature of the account that she was opening on behalf of B remains the primary factor here, even when taking into account that how the PFC account was by default a non-interest bearing account wasn't clearly explained or highlighted by Virgin.

Ultimately, I think it does remain the primary factor. One reason for this is because B's complaint isn't that it wasn't provided with an interest rate that was advertised by Virgin. Instead, B's complaint is that it didn't receive any interest on an account that doesn't advertise an interest rate – because it's directors mistakenly assumed, but never confirmed, that the account balance would by default accrue interest.

I also note several phone calls between Mrs P and Virgin where Mrs P had the opportunity to confirm the rate of interest that would apply to the PFC account. And while I appreciate that Mrs P might feel that these phone calls gave Virgin the opportunity to tell her that interest wouldn't be accrued on the account by default, I feel that the onus was on Mrs P to have understood the account that she was applying for (which to reiterate didn't advertise any rate of interest) rather than being on Virgin to have asked Mrs P if B wanted interest to be payable on an account which Virgin didn't promote as offering any set rate of interest.

Finally, Mrs P has referred to a table in the terms and conditions of the account that explains when interest will be paid on a PFC account. However, that table clearly states 'If' interest is payable it will be paid at the stated time. And I feel that the inclusion of this qualifying 'if' should reasonably have further prompted Mrs P to have questioned whether interest would be accrued on the PFC account and to have asked Virgin about this.

All of which means that I feel that the fact that the partners of B weren't aware that interest wouldn't accrue on the PFC account by default was an oversight for which I feel the partners themselves should fairly be considered responsible and account for, for the reasons explained above.

Accordingly, it follows that I don't feel that Virgin have acted unfairly towards B as Mrs P contends here and so I won't be upholding this complaint or instructing B to take any further or alternative action. I realise this won't be the outcome Mrs P was wanting, but I hope she will understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 5 November 2025.

Paul Cooper
Ombudsman