

The complaint

Mr M complains about the service he received from Clydesdale Bank Plc trading as Virgin Money ("Virgin Money") when transferring his ISA out of it to another provider. In particular, Mr M is unhappy that Virgin Money failed to send to his new provider the full amount of funds requested on the transfer form. This resulted in him missing out on investing £20,000 in the fixed rate ISA of his choice and lost interest.

What happened

Mr M wished to transfer his Virgin Money ISA to a new provider ("X") who was offering a one-year fixed rate interest at 4.56%.

In-line with Mr M's instructions an ISA transfer request form was completed and through an automated process on 29 March 2025 X requested £58,000 (made up of £20,000 current year subscription limit and £38,000 from previous years) from Virgin Money.

For reasons that are unclear Virgin Money changed the total amount requested and only transferred £38,000 of Mr M's funds to X on 2 April.

Unfortunately, by the time the error was discovered it was no longer possible for Mr M to invest the remaining £20,000 in X's ISA as the product was no longer available.

Mr M's funds remained with Virgin Money in account ending 657 earning interest at 4.51% until he transferred them to another provider on 21 May 2025.

Mr M complained about this to Virgin Money. Mr M wants to be compensated for lost interest and the trouble and upset this has caused.

Virgin Money dispute that it transferred the wrong amount saying that only a partial transfer was requested of £38,000 and that this included the current year's subscription of £20,000.

Mr M was dissatisfied with this and so brought his complaint to this service.

One of our investigator's looked into Mr M's concerns and thought that X had requested the correct amount as the transfer form submitted showed a request for £38,000 of previous contributions and £20,000 for current tax year contributions and that the form looked to have been amended down by Virgin Money.

They acknowledged that the transfer request didn't instruct to close the account or transfer the full balance, but they thought it was clear £58,000 had been requested by X and that Virgin Money should have queried the transfer before it was actioned.

To put things right they thought Virgin Money should pay Mr M the difference in the interest he received (at the rate of 4.51%) on £20,000 from Virgin Money and what he would've earned from X (at the rate of 4.56%) from 2 April 2025 when the funds should've been transferred, until the funds were transferred and invested with another provider on 21 May and compensate Mr M £50 for the inconvenience.

As Mr M remains dissatisfied with this and Virgin Money maintains that the total amount requested was £38,000 and that X submitted the ISA transfer incorrectly, Mr M's complaint has been progressed for an ombudsman's decision on the matter.

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.

My role is to look at the problems Mr M has experienced and see if Virgin Money has done anything wrong or treated him unfairly. If it has, I would seek – if possible - to put Mr M back in the position he would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable.

In this case there is no dispute that something went wrong with the transfer of Mr M's ISA and that £20,000 of Mr M's funds remained with Virgin Money rather than being transferred out as per Mr M's wishes. What is in dispute is who is responsible for this.

And having looked closely at the transfer request Virgin Money received from X on 29 March 2025 I'm in agreement with our investigator and think X requested £58,000 from Virgin Money and for reasons that remain unclear that Virgin Money's system imputed this as £38,000.

I say this as on the electronic transfer form submitted I can see that under Subscription Limit of £20,000 a box has been ticked to "Include *Current Year's Subs*" and to the right of this under "Specified Transfer Amount from *Previous Years*" is £38,000. So to me it looks like in total £58,000 had been requested representing the current year subscription plus previous years to the value of £38,000. If this wasn't the case, I'd expect the previous year's figure to be £18,000.

But for some reason despite Virgin Money's form showing Outstanding current year transfer limit of £20,000 and Partial transfer amount (previous years) £38,000 a Total transfer amount of £38,000 has been imputed.

So based on the evidence I have, I think it is more likely the error in amount requested happened at Virgin Money's end of the transaction. And so what I now need to decide is what would be a fair way to put things right for Mr M.

As I stated above usually when a business has made an error – if possible – we would try and put the customer back in the position they'd be in if the mistake didn't occur. If this was to happen in this case Mr M's funds would be held in the ISA with X earning a fixed rate of interest of 4.56%.

But in this case, it is not currently possible to do this, so we have to look at alternative ways to put the situation right. I understand Mr M feels strongly that he should be compensated for lost interest on the full period he expected his funds to be invested for.

But it is simply not possible to accurately predict where Mr M's £20,000 is going to be invested for the remainder of the fixed term and whether overall he'll make a loss in interest earned or a gain – as interest rates go both up and down. Indeed, my understanding is that Mr M managed to invest the £20,000 in an ISA with a higher rate than what he missed out on – albeit I appreciate that this includes a bonus rate and that it being a variable rate it has since gone down.

So again, I'm in agreement with our investigator that to put things right Virgin Money should pay Mr M the difference in the interest he received from Virgin Money (4.51%) and what he would've got with X (4.56%) on his £20,000 for the period 2 April to 21 May 2025 when Mr M invested his funds elsewhere.

Furthermore, I agree that Mr M has been inconvenienced by what has happened and so Virgin Money should pay £50 compensation on top of this.

So, it follows that I uphold Mr M's complaint and direct Virgin Money pay the fair compensation as outlined above.

My final decision

For the reasons I've explained, I uphold Mr M's complaint against Clydesdale Bank Plc and direct it pay him for lost interest as outlined above and compensate him £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 January 2026.

Caroline Davies
Ombudsman