

The complaint

Miss S and Ms G complain that when new payees were set up by Miss S on Clydesdale Bank Plc trading as Virgin Money's mobile app, a confirmation of payee set up was sent, incorrectly addressed, to Ms G which constitutes a data breach.

What happened

Miss S holds several accounts with Virgin Money, one of which is a joint account with Ms G. Miss S set up several new payees on the Virgin Money app. She received confirmation they'd been set up. But she was surprised when Ms G told her that she'd also been notified of the new payees. As there was no reason Ms G should have been told about the new payees, Miss S raised a complaint with Virgin Money.

In its final response letter, Virgin Money said Miss S had set the payees up on the joint account she had with Ms G and that's why Ms G had been notified. Miss S was dissatisfied with the answer and so referred her complaint to the Financial Ombudsman Service where one of our investigators considered it. Our investigator requested additional information from both Miss S and Virgin Money before reaching their conclusion.

In their first response, the investigator said they were persuaded the payees were set up after first having selected the joint account. So they said Virgin Money hadn't made a mistake. But they acknowledged that disclosure of the payees' details to Ms G had caused distress and so awarded £50 compensation.

Miss S came back with screenshots to show that she didn't set up new payees in the way Virgin Money suggested. That evidence was shared with Virgin Money. It responded by saying that after a detailed investigation, it had found that if an account hadn't been selected, the "default" option was to assign payees to a joint account. It accepted this went against the spirit of customer confidentiality and was a known issue and said a fix was being put in place. Unfortunately, no definite timescale for implementation could be given.

Our investigator considered the new evidence and increased the compensation award to £100 which Virgin Money accepted. Miss S didn't and asked for an ombudsman's decision. So, 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.

During the course of this complaint, Miss S has been very clear that she wants to know what the next steps will be. She has asked whether: -

- Virgin Money will be contacting the payees to advise their data has been breached
- Miss S will be advised how the issue has been rectified
- She is able to change the “default” option Virgin Money has referred to
- Ms G will be contacted to explain what happened and why
- Ms G can raise a separate complaint with Virgin Money.

I won't be able to give Miss S answers to all these points. Virgin Money has said it's putting in place a fix to solve the issue Miss S (and others) have highlighted. I'd expect it to consider what communications it needs to make once the fix is in place and the issue is rectified. I don't have the necessary authority to tell a business what to do for generic issues. That's the role of the regulator, the Financial Conduct Authority to whom Miss S can write if she wants to take this point further.

My role is to consider the specifics of Miss S's complaint, what if anything Virgin Money has done wrong and what it should do to put matters right.

Although it took some time for the true reason for the emails being sent to Ms G to come to light, I'm persuaded that this has now been identified. It appears to be a system issue where in the absence of any other account being selected, new payees are linked to a joint account which triggers an email to all parties to the joint account. Virgin Money has accepted this is a design fault and is pursuing a fix. It has given instruction on how a new payee can be set up which wouldn't trigger the duplicate email. It's also said the customer (in this case Miss S), can't change the default.

I don't think I could ask Virgin Money to do anything further. It identified a design fault, scheduled a fix to eliminate the flaw and told Miss S how to set payees up in future to avoid the same issue. I don't think it needs to do anything further.

It therefore remains for me to look at the issue of compensation and what amount is warranted.

When I decide what award should be made in respect of compensation, I look at what the impact has been on the complainant. The data breach is not data relating to Miss S – it's data belonging to the payees Miss S set up on her account. And so, there's no compensation due for the data breach.

I appreciate that Miss S feels responsible but it's very clear here that the responsibility does not lie with Miss S. I've seen no evidence that any of the payees have contacted Miss S regarding this matter. I accept that Miss S has been inconvenienced by having to pursue this complaint with Virgin Money and that some of this correspondence has come about because Virgin Money has changed its reasoning several times. I think that would have had an impact on Miss S. But there's been no financial detriment and so I'm compensating for inconvenience.

Putting things right

I don't want Miss S to think that I'm in any way diminishing the issue here or the effort she's put into sorting it out. But as I've said above, the impact on her is brought about by the changes in reasoning given by Virgin Money and the effort she's put into getting to the heart of the problem. I think an award of £100 is reasonable in this respect.

My final decision

For the reasons given above, my final decision is that I direct Clydesdale Bank Plc trading as Virgin Money to pay Miss S £100 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G and Miss S to accept or reject my decision before 27 November 2025.

Stephen Farmer
Ombudsman