

The complaint

Mrs D complains that Clydesdale Bank Plc trading as Virgin Money has not paid an enhanced rate of interest on a fixed rate bond she held with them.

What happened

The Virgin Money brand is made up of different products and different providers. Virgin Money offered a range of cash savings accounts through Clydesdale Bank and a stocks and shares ISA through its investment service, which I will refer to as VMUTM.

In 2024, VMUTM ran a promotion offering a bonus offer for stocks and shares ISA customers who opened a 1-year fixed rate e-bond cash savings account held through Clydesdale Bank. Customers who topped up or transferred £5,000 or more online to a new or existing VMUTM stocks and shares ISA would receive a bonus rate of an additional 2.00% AER on the Clydesdale e-bond for the same amount as they had transferred into the stocks and shares ISA for the full 1-year term of the e-bond. This meant that customers had a guaranteed interest rate of 4.65% AER for the one-year term of the e-bond, plus the bonus rate of 2.00% AER up to the matched value invested in the stocks and shares ISA.

Mrs D wanted to take advantage of this offer. She explains she tried to transfer more than £5,000 from her existing stocks and shares ISA provider (which I will refer to as F), but it was rejected because it was a partial transfer and not a full transfer. Mrs D says she was ultimately unable to transfer the stocks and shares ISA from F due to ongoing errors in requesting a partial transfer. She explains she'd closed a savings account held elsewhere and deposited £35,000 into the fixed rate e-bond as she was expecting to get 6.65% AER on the whole balance and not just a matched amount.

Mrs D explains she phoned to ensure she was complying with the account's eligibility requirements because she was earning more than 4.65% AER in her previous savings account. Mrs D says she was misadvised, so made a complaint.

Clydesdale issued a final response letter on 6 November 2024. Clydesdale said it had listened to a recording of the call that took place on 21 September 2024 and agreed the agent Mrs D spoke to wasn't aware of this promotion. It paid £75 compensation for the distress and inconvenience caused by the call into Mrs D's bank account.

Unhappy with the situation, Mrs D referred the matter to this service. She added that she'd asked Clydesdale if she could withdraw funds from the e-bond account when she realised the full balance did not qualify for 6.65% AER but did not receive a reply.

Our Investigator looked into Mrs D's concerns but thought the compensation offered by Clydesdale was fair. She explained that this complaint only concerns issues connected to the Clydesdale e-bond and concerns about the stocks and shares ISA would need to be raised to VMUTM. In summary, she thought Clydesdale had provided clear information about how the e-bond worked and when the bonus interest rate would be paid. She referred to the terms and conditions of the e-bond and highlighted that early closure and withdrawals are not permitted.

Mrs D didn't agree. She said the product had not been fully explained. She highlighted she'd phoned many times, but it hadn't been clarified clearly enough over the phone otherwise she'd have only deposited the intended matched amount and not £35,000. She said the advisors she spoke to were not competent and gave her incorrect information. In addition, she provided evidence to show Clydesdale acknowledged a query she submitted through an online form using her husband's name. Clydesdale confirmed Mr D is not named on Mrs D's account and suggested this was a system error.

Mrs D did not feel her concerns had been fully understood. She said she did everything possible to ensure she qualified for the 6.65% AER promotional interest rate but ultimately only received 4.65% AER. She felt she'd been left at a significant disadvantage and said *"I cannot agree that Virgin Money has treated me fairly. I acted in good faith, contacted Virgin several times to ensure I qualified for the 6.65% deal, and followed all the steps required. Due to Virgin's failings, I have lost out on interest that I rightfully should have received."* She provided evidence from her phone provider to show the number of phone calls she'd made in connection with this matter.

As no agreement could be reached, the matter was referred to me to decide.

My further investigation

When the complaint was referred to me, I had further questions.

I needed to clarify the approximate amount Mrs D had in the existing stocks and shares ISA with F as there was information on file to suggest a full transfer would not have met the promotion's £5,000 minimum criteria. Mrs D provided information from F to confirm that if she'd done a full transfer from F to VMUTM, it would have been for approximately £10,800.

I obtained information from VMUTM about the ISA transfer. VMUTM provided me with a copy of a final response letter sent to Mrs D on 31 October 2024, along with copies of secure messages VMUTM sent to Mrs D in November 2024 and January 2025. VMUTM said the ISA transfer was ultimately cancelled because no response was received from Mrs D.

I shared this information with Mrs D. Mrs D said she'd not seen that final response letter before and at no time was she informed that she needed to sign or return any forms. She asked why this was never mentioned when she was in contact with Virgin Money because she would have submitted it immediately if she'd known. She pointed out the matter had been handled unprofessionally and many of her questions remain unanswered.

I asked Clydesdale to clarify how Virgin Money's customer service operations were structured. Clydesdale said the staff that administered VMUTM stocks and shares ISAs were not the same staff that dealt with cash savings. Clydesdale explained the staff in the cash savings team would not have had any knowledge or access to stocks and shares matters, so they would not have been able to say if anything had been outstanding for the stocks and shares ISA transfer.

Clydesdale explained that VMUTM had its own complaints team, but since this complaint started, VMUTM has transferred operations to a new company. Clydesdale said that Mrs D would have had separate contact details and separate log in details for any matters related to the stocks and shares account.

My provisional decision

In January 2026, I issued a provisional decision explaining why it was not fair or reasonable for me to ask Clydesdale to pay the interest she was seeking. I concluded that Clydesdale should pay Mrs D a further £75 compensation to recognise it caused her distress and inconvenience when it did not specifically reply to her question about being able to withdraw money from the e-bond before its maturity.

I've reproduced my provisional conclusions below:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm very aware that I've summarised this complaint above in far less detail than Mrs D has provided. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is a fair and reasonable outcome. I will, however, refer to those crucial aspects which impact the decision I'm making.

I have a great deal of sympathy for Mrs D and the situation she finds herself in. There's no question that she was interested in this promotion and wanted to ensure she met the offer's terms. But at the outset of my findings, it's important for me to be clear about the ambit of this complaint. I've considered everything Mrs D has said very carefully and across her submissions she refers to both Virgin and Virgin Money. But as I have highlighted earlier in my decision, the Virgin Money brand is made up of different products and different providers. Although the information I've received from VMUTM provides helpful context to understanding the wider situation, the question I must decide in this decision is whether Mrs D missed out on the e-bond's bonus rate because of an act or omission by its provider, Clydesdale. I'm very sorry to have to disappoint Mrs D, but from what I've seen, I don't consider she missed out on the bonus rate because of anything Clydesdale did wrong.

Mrs D opened the e-bond herself online on 22 August 2024. She transferred £35,000 into the account on the same day. Clydesdale should give Mrs D the information she needs, at the time she needs it, and present it in a way that she can understand, so that she can make an informed choice about her next steps. I've looked carefully at screenshots of the information Clydesdale made available about the account. The first screen says:

"Put money in your Stocks and Shares ISA then open a 1 Year Fixed Rate savings account. You'll get a bonus interest rate on the money in your savings account that matches what you invest in your ISA between July and September 2024."

The second screen explains how the promotion works in more detail. It says:

"Leave your ISA money invested until your savings account maturity date to also get a bonus of 2%AER/Gross P.A. on savings up to the same amount that you paid into your ISA between 1 July and 30 September 2024."

The third screen includes a calculator to break down how much of the balance of the e-bond will earn the bonus.

In addition, the terms and conditions of the e-bond say:

"The 1 Year Fixed Rate E-Bond Exclusive Issue 2 will apply a one-off bonus of 2% AER²/Gross¹ PA on qualifying savings at the maturity date.

This account is only available to customers who hold or open a Virgin Money Stocks and Shares ISA and invest £5,000 or more online by debit card top up or transfer between 1 July and 30 September 2024.

Early closure or withdrawals are not permitted until after the fixed rate period as detailed.”

As part of the application process, Mrs D had to tick to confirm she had read the terms and conditions, which included Key Product Information. Mrs D says she first became aware of the matched amount requirement in November 2024. But I think Clydesdale made it clear enough at the point of application that the bonus amount would only be paid on the money in the savings account that matches the amount of money invested in the stocks and shares ISA.

I'm also mindful that the terms and conditions of the e-bond don't allow early closure or withdrawal of funds. Whilst the precise terms and conditions of fixed term accounts will vary from provider to provider, this isn't an unusual term for fixed rate savings products to have. It is standard industry practice that fixed rate deposit accounts cannot generally be closed or amended ahead of maturity. Clydesdale considered whether it could allow Mrs D to withdraw funds early but concluded it would not be able to. I don't think this was an unreasonable position for Clydesdale to take. Customers place savings in fixed rate accounts because they provide the certainty of receiving the specified fixed rate over the term of the account regardless of what is happening in the market. Banks like Clydesdale then rely on that commitment to use the funds for the period they are locked in, such as by lending the money out to other borrowers. In my experience, banks can fairly and reasonably consider whether to allow early withdrawal or closure in exceptional circumstances, but the bar for this to be permitted would be high, such as a serious health issue impacting the account holder.

Even though it wasn't possible for Mrs D to withdraw any funds before the e-bond's maturity date, I do agree that Clydesdale should have answered Mrs D's question about the possibility of early withdrawal sooner than it did. I've looked carefully at the emails Mrs D sent to Clydesdale. On 7 November 2024 Mrs D explains that she's ended up investing more than she should have and wants to withdraw the excess. She chased Clydesdale on 12 November 2024. On 15 November 2024, Clydesdale replied but didn't answer this part of Mrs D's enquiry. Mrs D asked the same question again on 24 November 2024 and chased for a reply on 28 December 2024. On 3 January 2025, Mrs D was signposted towards the stocks and shares ISA team. Although more timely information wouldn't have changed the position Mrs D was in, I do think it would have prevented her from asking the same question a number of times and having to follow it up. For this reason, I think Clydesdale should pay Mrs D a further £75 compensation to acknowledge the distress and inconvenience it caused her by the way it handled this specific query.

Turning now to the ISA transfer. I do not doubt that Mrs D wanted a full transfer of her stocks and shares ISA held with F. But from what I have seen, Clydesdale were not responsible for the ISA transfer because the funds were to be transferred from F by VMUTM.

Mrs D obtained records from her phone provider. She's highlighted 23 calls between 30 June and 12 November 2024 which she says are connected to this matter. Mrs D didn't provide details of the exact telephone numbers she called. Clydesdale provided its contact records, and these suggest the only phone call was on 21 September 2024. Clydesdale provided a recording of this conversation, and I have listened to it as part of my consideration of the complaint.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here as there is a potential conflict on the number of phone calls Mrs D made), I reach my findings on balance – in other words, what I consider is more likely than not to have happened in the light of the available evidence and the wider circumstances. I don't doubt that Mrs D made the overall number of phone calls she's highlighted as she's obtained this information from her phone provider. But it seems more likely than not that Mrs D has highlighted calls that were made to VMUTM as well as contact she's had with Clydesdale.

On balance, I think Mrs D was made sufficiently aware that Clydesdale and VMUTM were responsible for different elements of this promotion. I have listened to the recording of the conversation from 21 September 2024, and the advisor does say that stocks and shares matters are dealt with in a different department.

On 15 October 2024, Mrs D emailed Clydesdale and asked if the stocks and shares ISA transfer had been received and how much it was for. Clydesdale replied and explained Virgin Money Savings account and Virgin Money Investment accounts are administered by different parts of the Virgin Money brand and so cannot be viewed or operated through the same online profile. Clydesdale gave Mrs D the phone number to call about stocks and shares matters.

I recognise that Mrs D found that suggestion to be frustrating and unhelpful. I have noted her comments where she said:

"As I have already mentioned that I have spoken to Virgin Money stocks and shares and requested to ask for full transfer from F but unfortunately Virgin are not doing so and that's the reason F are unable to transfer my stocks and shares to Virgin!! And instead of resolving my complaint you are asking me again to call them!!"

But I think Clydesdale did enough to make Mrs D aware that she needed to contact the stocks and shares ISA team. On 28 December 2024, Mrs D contacted Clydesdale and said: "if you are unable to resolve this, pls pass on the details where can I further complaint about this as I need my interest on this amount !!" [sic]. On 3 January 2025, Clydesdale replied and said "As I have said previously you must contact our stocks and shares ISA team, they are the ones who deal with this sort of account and can answer your questions. The contact details were given to you in your final response."

As the VMUTM stocks and shares ISA was never funded, the criteria for the bonus payment to be made was technically never met. But it follows from this that Clydesdale did not do anything wrong when it did not pay any bonus interest to Mrs D when the e-bond matured.

Overall

I am unable to fairly or reasonably require Clydesdale to take responsibility for the interest Mrs D considers she has lost. This is because:

- I consider Clydesdale made it clear enough the bonus rate only applied to a matched amount.*
- It was not possible to withdraw money from the e-bond early, but I agree Clydesdale provided a poor level of service when Mrs D asked about whether she could do this. As such, it would be appropriate for Clydesdale to recognise its level of service fell short in relation to how it handled this specific query with an award of £75 compensation to recognise the distress and inconvenience caused*
- Mrs D wanted a full transfer of her ISA with F. But Clydesdale had no involvement in, and therefore cannot be responsible for, the failure of the intended stocks and shares ISA transfer. The ISA transfer was the responsibility of VMUTM, now managed by*

Octopus Money Direct.

- *As the VMUTM stocks and shares ISA was never funded, the criteria for the bonus payment to be made was technically never met. But it follows from this that Clydesdale did not do anything wrong when it did not pay any bonus interest to Mrs D when the e-bond matured.*
- *I consider Mrs D did not fully appreciate the distinct responsibilities of the different providers that make up the Virgin Money brand. But Clydesdale had highlighted on more than one occasion that Mrs D must contact the stocks and shares ISA team for matters relating to the ISA transfer part of the promotion.*

I am sorry to have to disappoint Mrs D. I know this isn't the outcome she wanted, but I hope this provisional decision answers her outstanding questions by explaining why I cannot fairly and reasonably ask Clydesdale to pay the interest she is looking for.

Clydesdale responded to say that it would accept the decision and agreed to pay Mrs D the further £75 compensation I'd recommended.

Mrs D was not happy with the outcome and pointed out she had suffered a significant loss of interest. She suggested that key facts had not been fully considered. Mrs D confirmed she was fully aware that the Virgin Money brand was made up of different products and different providers, but she had contacted all relevant parties and followed the advice she was given.

Mrs D explained that had she known she would only be paid interest on the matched amount, there would have been no reason to withdraw funds from another account where she was receiving a better rate of interest, and she acted based on the instructions and advice provided to her. Mrs D said it was not made clear during her conversations that interest would only apply to the matched amount, and it was only mentioned once, and only after she had already invested £35,000. She pointed out she had contacted the stocks and shares ISA team but never received any response, highlighting an email that she'd sent to Clydesdale explaining that she'd contacted the team but never heard back. Mrs D explained that she had not been able to make progress with VMUTM despite repeated attempts. She added that VMUTM never requested the correct transfer instructions for the stocks and shares ISA to be funded, so it wasn't her fault that VMUTM didn't follow through.

Mrs D wanted me to see this matter from her point of view and wanted me to arrange for the missing interest to be paid. She asked whether she ought to have been advised to raise a formal complaint against VMUTM as the loss in not receiving approximately £700 in interest is substantial.

As the deadline for both parties to respond has now passed, I must go on to reach my overall 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 would like to reassure Mrs D that I have considered everything she's said, including the additional points she's made in response to my provisional decision. I am sorry to have to disappoint her, but it remains the case that I cannot fairly and reasonably ask Clydesdale to pay the interest she's seeking.

The findings set out in my provisional decision, and reproduced above, form part of my final decision so I won't repeat in detail anything I've already said there, but I will explain why my position is unchanged.

Mrs D has said the key facts have not been fully considered. But I have addressed what I consider to be the key points of the case. I have explained that I consider Clydesdale's application screenshots and terms and conditions made it clear enough that the bonus rate only applied to a matched amount. Mrs D has confirmed she read the terms and conditions online at the time she opened the e-bond account. In my provisional decision, I highlighted the conflict between the phone calls Mrs D told us she'd made and the contact records Clydesdale had provided. I appreciate Mrs D's perspective is that she contacted Virgin Money more than once to speak directly with representatives to ensure that her understanding was correct and that she wouldn't have moved her savings to an account paying a lower rate of interest unless she'd been advised to do so. But in the call recording I've listened to from 21 September 2024, the balance in Mrs D's e-bond was already £35,000. I've not seen anything in Clydesdale's contact records to suggest that it gave Mrs D misinformation about how the promotion worked before she took the decision to fund the e-bond account. But even if Clydesdale had given Mrs D incorrect information which then induced her to move her savings (which, for clarity, I am not concluding that it did), the correct remedy for a misrepresentation of this nature would not have been for Clydesdale to pay the equivalent of 6.65% AER on the whole balance of the account. My reason for mentioning this is because Mrs D feels strongly that Clydesdale should be paying 6.65% AER on the full balance of the e-bond, so I think it is important for me to point out that this wouldn't have been a potential outcome in any case.

I do understand why Mrs D is aggrieved with this situation. From her perspective, she's done everything right and I accept that she would not have pursued this matter for so long if she didn't genuinely believe that she'd lost out. But my decision is only considering whether Clydesdale is at fault. In Mrs D's response to my provisional decision, she said that she was unable to obtain any resolution from the stocks and shares ISA team because she never heard back from VMUTM despite repeated attempts. She's also pointed out that VMUTM did not follow through with the transfer of the stocks and shares ISA. But I cannot consider any acts or omissions of VMUTM as part of this decision. I am also unable to speculate what the outcome of a further complaint against VMUTM directed to its successor, Octopus Money Direct, would be.

I know this isn't the outcome Mrs D wanted from this process. But for the reasons I've explained both here and in my provisional decision, I am unable to fairly or reasonably require Clydesdale to take responsibility for the interest Mrs D considers she has lost. Having looked carefully at the acts and omissions of Clydesdale, I consider Clydesdale provided a poor level of service when Mrs D asked about whether it was possible to withdraw money from the e-bond early. As such, it remains appropriate for Clydesdale to recognise its level of service fell short in relation to how it handled this specific query with an award of £75 compensation to recognise the distress and inconvenience caused.

My final decision

My final decision is that Clydesdale Bank Plc trading as Virgin Money should pay £75 compensation to Mrs D.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 4 March 2026.

Claire Marsh

Ombudsman