

## The complaint

This complaint has been brought by Mrs D, who is the executrix of her late mother's estate. She complains that Clydesdale Bank Plc will not close her late mother's fixed rate ISAs separately on their respective maturity dates, causing a loss of interest to the estate. The bank trades in this case under its Virgin Money brand.

## What happened

Mrs C passed away in December 2024, and Mrs D obtained a grant of probate in March 2025. Mrs D says that her mother's estate is quite complex – she had many accounts with different providers, including two fixed rate ISAs with Virgin Money.

The first ISA was due to mature on 24 September 2025. Until then, it paid interest at 4.25%; on maturity, that rate fell to the bank's instant access rate, currently 1.25%. The balance on the account is approximately £78,600.

The second account will not mature until 24 July 2026. It pays interest at 5.37% and has a balance of around £48,500.

Before the first account matured, Mrs D contacted Virgin Money to say, on behalf of the estate, that she would like to close each account on its respective maturity date. The bank said however, that would not be possible. Its normal practice was to close all estate accounts at the same time.

Mrs D did not think that was fair and that it would be detrimental to the estate. Either the second account would be closed early and would lose interest, or the first account would have to remain open for ten months, earning a low rate of interest. Mrs D did not provide Virgin Money with a copy of the grant of probate, fearing that doing so would trigger the closure of both accounts. The bank would not, however, agree to change its process to accommodate the estate's wishes. Mrs D referred the matter to this service.

One of our investigators considered what had happened. In an initial assessment, he noted that the account terms said that, on the death of the customer, the terms would continue to apply until the account was closed. He noted that they did not restrict the right of the estate to close an account. HMRC's own guidance says that an ISA will remain open until the executor closes it. He concluded that Virgin Money's approach was based on its own internal convenience, not on any legal or regulatory guidance.

The investigator recommended that the complaint be upheld. He recommended that the bank either allow the estate to close the accounts on separate dates or that it compensate the estate for any financial loss – which he based on the additional interest which could have been earned on the funds in the first account. In calculating that, he noted that Mrs D had identified a three-year bond earning 4.47% a year. The investigator also recommended that the estate receive a further £150 in recognition of the inconvenience which it had suffered.

Mrs D accepted the investigator's recommendations on behalf of the estate, but Virgin Money did not. It asked that an ombudsman review the case.

I did that and on 6 January 2026 issued a provisional decision in which I said:

*It is primarily for banks and other financial institutions to decide, as a matter of their own commercial discretion, how to set up their systems and what procedures to adopt. We won't generally intervene in those matters; where intervention is warranted, that is likely to be a matter for the regulator, not this service.*

*It is not therefore appropriate for me to tell Virgin Money how it should handle situations such as this one; more specifically, it is not for me to say that it should change its processes.*

*That said, I think it is fairly clear that the bank's requirement that all of the late Mrs C's accounts be closed at the same time is likely to cause detriment to the estate. In many scenarios, that would not be the case, but it is so here, where there are two fixed rate accounts with different maturity dates. Either one account will be closed before maturity or the money in the other account will be tied up earning a relatively low rate of interest.*

*In my view, Virgin Money should have identified that detriment when Mrs D explained what she wanted to do on behalf of the estate. And, if its own systems would not allow it to close the accounts separately, it should have sought a fair resolution consistent with its own processes. There is, in my view, no reason why the estate should be in a worse position at the maturity of the accounts than Mrs C would have been.*

*I have therefore considered very carefully what Virgin Money can do to ensure that the estate is treated fairly. Having done so, I am not persuaded that the investigator's recommendation does achieve fairness. My particular concerns are these:*

- The proposed remedy is based on money being reinvested in the three-year bond. But I don't think I can safely assume that funds would have been invested in that way, since the beneficiaries might have differing priorities. They may, for example, prefer to have cash to invest differently or to spend.*
- The investigator's proposal would give the estate control over the account closure date – potentially leaving the bank paying 3.22% a year with no end date.*

*I also believe that it would be better for both parties if the complaint could be resolved more immediately, rather than at an unknown point in the future. That is, if both accounts have to be closed at the same time, I think it would be fairer if that were to happen as soon as possible.*

*If the accounts are closed in the next few weeks, the estate will not earn interest on the second account at the current rate of 5.37% until the end of July 2026. I calculate that, if that account is left open, it will earn around £1,300 in that time. But if it is closed and funds are invested in an instant access account, the estate might instead earn around £300. The difference is therefore about £1,000. In my view, that should be the basis of any compensation.*

*When awarding compensation, it is usual to take into account any accelerated receipt. That is, an allowance should be made where a party is receiving payment before the loss has occurred. That is the case here, so I believe the estate should receive £950.*

*The investigator recommended that the estate receive a further £150 in recognition of the inconvenience to which it has been, and I agree that is fair in the circumstances.*

I concluded that, as long as both accounts were closed on or before 31 January 2026, Virgin Money should pay the estate £950 in respect of its financial losses and a further £150 in recognition of the inconvenience to which it had been put. I gave the parties until 20 January 2026 to respond.

Mrs D replied on 7 January 2026, indicating that she would accept my decision, although she also drew my attention to the bank's assurance that there would be no interest penalty if an account was closed before its maturity date. She did not give the bank instructions to close the accounts, and they remain open.

Having asked for (and been given) more time to consider my provisional findings, Virgin Money replied on 30 January 2026. It did not accept my findings. It said that they were contradictory. On the one hand, I said that it was not for me to tell the bank how to handle the situation or to change its processes; but on the other hand, I concluded that those processes were detrimental to the estate. By requiring the bank to compensate the estate, I was indicating that those processes should be changed.

### **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 do not accept that I am requiring Virgin Money to change its processes. It is entitled to set its systems up so that, where an estate is being handled, all accounts are closed at the same time. As I indicated in my provisional decision, in many cases, that will place the estate in the same position as the customer would have been.

Rather, my findings here relate to the specific circumstances of this case. They have no application beyond this specific complaint. And the circumstances here mean that the estate must either wait until the second account matures or lose some of the interest which would have been paid on it.

My provisional conclusions were not that the bank should change its process to allow different accounts within an estate to be closed at different times. Rather, they were that, in this particular case, it should recognise that closing the second account before maturity would result in a loss to the estate and that it should therefore consider whether the estate should be compensated for that loss. That is not a change of process; it is addressing an unfair outcome which has arisen in this specific case.

### **Putting things right**

When I issued my provisional decision, I based my calculation of loss on the difference between what the second account would have earned in interest between the end of January and the end of July 2026, less what the funds might earn in an instant access account over the same period.

Unfortunately, matters were not resolved by the end of January 2026. Virgin Money needed more time to consider my provisional findings and we agreed that, in the interests of fairness, it should have more time. And it did not receive instructions to close the accounts.

The effect of that is, however, that the estate's likely losses are now a little less than they were when I issued my provisional decision. That's because the second account has earned more interest at the fixed rate and so the amount of interest "lost" if the account is closed before the end of July 2026 has also fallen.

If the account is closed before the end of February 2026 I calculate that the difference between what the funds would earn in that account and what they might earn in an instant access account is around £860. If an allowance is made for accelerated receipt, I believe a fair award is now £820.

### **My final decision**

For these reasons, my final decision is that, as long as both accounts are closed on or before 28 February 2026, Clydesdale Bank Plc should pay the estate of Mrs C £820 in respect of its financial loss and a further £150 in recognition of the inconvenience to which it has been put.

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

Mike Ingram  
**Ombudsman**