

The complaint

A business, which I will refer to as 'S', complained that it suffered significant loss of interest when Clydesdale Bank Plc trading as Virgin Money restricted its account for fraud checks and blocked an outgoing transaction. The restriction delayed a payment S intended to make to an investment platform. S seeks to recover the interest it says was lost as a result.

Mr R is entitled to bring the complaint on S' behalf.

What happened

A seven-figure credit into S' Virgin Money account was transferred from S' account at another bank (which I'll call 'Account 1'). When S attempted to transfer the funds to a third-party investment business ('A'), Virgin Money flagged the transactions for further security checks. As a result, Virgin Money restricted S' account from 3 December 2025 until its fraud checks were completed on 19 December 2025.

At S' request, funds were returned to Account 1 by 23 December 2025. But S wants Virgin Money to compensate it for the lost interest the funds could've earned in Account 1 during the period Virgin Money held those funds or if they'd been sent to A.

Virgin Money said it hadn't made any error and so wouldn't agree to cover a financial loss.

The investigator concluded that Virgin Money had acted reasonably, in line with its terms and conditions, and had treated S fairly. S disagreed and requested an ombudsman decision, arguing that its complaint related not to the level of service but to interest Virgin Money may have earned on the funds while they were held.

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 recognise that restricting the account was inconvenient for S. But I agree with the investigator's conclusions. The key facts are not in dispute, so I've focused on the question of redress, which is the main concern raised by S.

After the payment-in was flagged for a security check, Virgin Money couldn't simply complete the payment S wanted to make to A until it satisfactorily completed its fraud and security checks. Virgin Money is subject to legal and regulatory obligations, including requirements relating to fraud prevention and the safeguarding of customers' funds. Compliance with those obligations can, on occasion, result in legitimate transactions being delayed or accounts being temporarily restricted. Although this may cause inconvenience, it doesn't automatically follow that the bank has acted unfairly or incorrectly or that it should be responsible for any consequent losses arising.

In this case, Virgin Money's business terms allow it to apply account restrictions where there are legal or regulatory reasons to do so. Given the substantial amount involved, I am

satisfied that the temporary restrictions weren't disproportionate and that Virgin Money's actions were reasonable and consistent with its obligations.

Once Virgin Money obtained the information it required and was satisfied that it was safe to proceed, it lifted the account restrictions and, in accordance with S' instructions, returned the funds to Account 1.

So, I don't find that Virgin Money made any error or that it acted unfairly or unreasonably in connection with blocking and unfreezing S' account. For these reasons, I'm not upholding this complaint.

To award the redress S seeks I would first need to find that Virgin Money acted incorrectly or treated S unfairly and uphold this complaint - but I haven't seen enough evidence to do so. It follows that I have no power to award S compensation for lost interest.

I hope that explaining my reasoning in this way helps clarify how I reached my decision.

My final decision

For these reasons, my final decision is that I do not uphold this complaint.

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

Susan Webb
Ombudsman