

## **The complaint**

Mr M has complained that Clydesdale Bank Plc trading as Virgin Money (“Virgin Money”) won’t waive an early exit penalty on his ISA, following Virgin Money merging with a building society.

## **What happened**

Mr M took out an ISA with Virgin Money. Under the terms of the ISA, Mr M and Virgin Money confirm that there is a penalty if the money in the ISA is transferred before it matures.

Following Virgin Money merging with a building society, Mr M wanted to transfer his ISA to another provider but is unhappy that he would incur a penalty to do so. Mr M says that Virgin Money should allow him to transfer ISA provider without penalty as the change in provider was imposed on him.

After raising his complaint, Virgin Money said that this matter was not something that this service is able to consider.

After referring his complaint to this service, one of our investigators assessed the complaint and decided we could look at the merits of this complaint, but they didn’t think Virgin Money was required to waive any penalties should Mr M wish to transfer his ISA before it matures.

As Mr M didn’t accept the investigator’s assessment, the matter was referred for an ombudsman’s 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.

Having considered everything, I don’t uphold this complaint. I will explain why.

After Virgin Money was acquired by a building society, Virgin Money customers, including Mr M, were transferred to the building society, in accordance with a Financial Services and Markets Act 2000 Part VII transfer. Mr M has argued that, due to a change of provider being imposed on him mid-term, he should be allowed to transfer his ISA balance to another provider without incurring a penalty.

When considering Mr M’s reasons for this, I understand the reason why Mr M wants to do this is largely due to his dislike of the ‘new’ ISA manager. Mr M says this is due to previous negative experiences with the building society. However, in my view, I don’t think that, on its own, is enough of a reason to say that Virgin Money should waive any early exit penalty that may exist in the ISA terms and conditions.

I say this because, firstly, Virgin Money was acquired by the building society in October 2024, so it will have been a reasonably foreseeable consequence since then that Virgin Money customers may eventually be transferred across to the building society. Secondly, and more importantly, the documentation I have seen regarding the transfer – which recently came into effect, on 2 April 2026 - says after the transfer, nothing will materially change in the short term in terms of how existing Virgin Money customers use their accounts. For example, it says that the account number and the log-in details Mr M can use to access his ISA will all remain the same. So given that I can’t see this change causes Mr M any actual

detriment, then I think it's fair that the existing ISA terms and conditions that Mr M agreed to still apply.

Mr M has said that, Virgin Money does allow some customers to make an early transfer without penalty. But this is only where a customer previously had deposits with both Virgin Money and the building society, and the transfer has resulted in them having more in deposits with the building society than the Financial Services Compensation Scheme limit of £120,000.

Because of this, Mr M argues that Virgin Money does have some discretion in the matter and so Virgin Money should honour his request too. But the specific situation that Mr M has referred to above was agreed by the Court as part of the Part VII transfer process. If the Court had intended to allow customers in Mr M's position to also have the opportunity to transfer their ISAs to another provider without penalty, then the court would've stipulated that in the Court Order as well.

So in summary, I appreciate that Mr M dislikes the 'new' ISA provider due to previous negative experiences, and he's unhappy that the change in ISA provider has been imposed on him. But he's not said anything that leads me to think that Virgin Money is being unreasonable in adhering to the existing terms of the ISA product that Mr M had originally agreed to.

### **My final decision**

Because of the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 29 May 2026.

Thomas White  
**Ombudsman**