

complaint

Mr M had a maturing fixed rate ISA with Virgin Money plc. He complained because by the time his ISA actually matured, there was a better interest rate available on the website than he'd been offered on his maturity letter. Virgin hadn't told him the rate had improved. He was also unhappy about the way Virgin dealt with his complaint.

Mr M noticed the new higher rate product in time, and he changed to it. He wants this service to apply pressure on Virgin to change its procedures, and he considers we should reprimand Virgin..

background

Mr M had a fixed rate ISA which was due to mature on 24 June 2018. On 12 June, he received an email about maturity options. These included a one-year fixed rate ISA at 1.30%. He initially decided to transfer to this, but before the maturity date, Virgin brought out a new one-year fixed rate ISA. The interest rate on this was 1.41%.

Virgin didn't notify Mr M that a better rate was available. Fortunately, Mr M spotted it himself, and transferred his maturing ISA to the higher-rate product. He found the process more complicated than if he'd just accepted the original rate. He complained to Virgin about the fact it hadn't notified him of the new product, and he asked that this wouldn't happen again in future.

Virgin didn't agree that it had acted incorrectly. It said that the 1.41% product hadn't been launched until after it had sent Mr M his maturity letter, so it couldn't have included this.

Mr M didn't think Virgin had properly investigated his complaint, and he asked why the maturity options hadn't said he could choose a different product not on the maturity letter. In its second response, Virgin replied that the reason it had reviewed the interest rates which it had offered Mr M on 12 June was competition from other savings providers. This had led to the new 1.41% product being introduced on 13 June. Virgin said it had told its marketing team that Mr M was unhappy that he hadn't been told about the new product. This would be considered for future maturities.

Mr M remained unhappy, and contacted this service. He explained what had happened. When he'd complained, he'd told the adviser that the maturity letter hadn't warned that the rates might increase before maturity. He said he was astonished that the first Virgin adviser had replied that she didn't know what was on the maturity letter. He was also unhappy about Virgin's second reply, because it had contained no assurance that Virgin would change its maturity procedure. He thought Virgin hadn't grasped the seriousness of the issue.

Mr M pointed out that some other banks state that if rates increase after the maturity letter, they will honour the higher rates. He wanted this service to apply pressure on Virgin to changes its procedure. He said that at the very least, Virgin should advise its customers that its maturity options might be superseded prior to the maturity date.

The investigator didn't uphold Mr M's complaint. She appreciated that it would have been nice not to have to visit Virgin's website to find out all current offers – but she said Virgin was entitled to review and change its products. It could also decide how to advertise its products. She noted that Mr M had been able to change to the 1.41% product, so he hadn't suffered a financial impact.

The investigator also explained that it's not for this service to require Virgin to change its procedures. That's the role of the regulator, the Financial Conduct Authority (FCA).

Mr M wasn't satisfied. He said that if this service can't require Virgin to change its procedures, Virgin should have advised him to direct his complaint to the FCA and not to us. He pointed out that this had wasted his time. Mr M also said that if this complaint was outside what our service can consider, the investigator shouldn't have concluded that Virgin hadn't treated him unfairly.

Mr M wants this service to reprimand Virgin for providing misleading advice.

my findings

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

I can entirely understand why Mr M was annoyed that Virgin didn't let him know that it had introduced a new, higher-rate account. If Mr M hadn't had his wits about him and checked the website for himself, he might well have gone for the lower rate product. Then he'd have suffered a financial detriment, but fortunately this didn't happen. It's also clear, from what Mr M has told us, that the process for changing to the 1.41% rate was more complex than it would have been just to accept the 1.30% rate on the maturity letter.

So I understand why Mr M believes that Virgin should at least have said in its maturity letter that customers should be aware that rates might be superseded before maturity. I also recognise Mr M's argument that some financial businesses would have honoured any increased rate before maturity.

My role, however, is to determine whether Virgin made any errors in the way it dealt with Mr M's ISA maturity. But there was nothing – for example in terms and conditions - to say that Virgin had a duty to tell customers about all new products as they came out. Virgin wasn't under any obligation to notify Mr M of the revised rate, so I can't say it made an error in not doing so.

I accept that it would have been better customer service if Virgin had indeed mentioned on its maturity letter that rates might change – as Mr M has suggested. But the role of this service isn't to order financial businesses to change their processes to maximise customer service. As our website explains, we're not here to fine or punish businesses. We look at what's happened to the individual, and if the business has done something wrong, we make sure the individual consumer isn't out of pocket. As the adjudicator explained, it's the role of the Financial Conduct Authority (FCA) to consider financial businesses' processes.

Mr M also feels that Virgin's procedures around his maturity, and his complaint, were poor. I note that Virgin has said it's considering these, but for the same reason it's not open to me to order Virgin to change its procedures.

Mr M has argued that, in that case, Virgin shouldn't have told him he had the right to refer his complaint to this service. I understand why he feels that, but financial organisations do have an obligation to notify customers of their rights to contact this service.

my final decision

My final decision is that I do not order Virgin Money plc to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 31 January 2019.

Belinda Knight
ombudsman