

The complaint

Miss B complains about the service provided by Clydesdale Bank Plc trading as Virgin Money in administering her accounts over a number of months from May 2022.

What happened

From June to October 2022 Miss B opened 11 ISA accounts with Virgin. This was to take advantage of increasing interest rates. Some of the accounts were closed within the 14-day cooling off period. She suffered difficulties, including but not limited to online not operating correctly, issues between Virgin's platforms and systems, staffing issues, unfulfilled promises, documents, and instructions going astray or ignored. She and her mother spent a long time on the telephone trying to sort matters out.

Virgin explained that since the merger between Clydesdale and Virgin Money, a number of accounts were on different platforms and internally there are separate teams who administer these and it has separate online access to the different products. It was sorry for any confusion this caused. It was also sorry that Miss B's complaint had not been fully addressed across either platform, and for the additional contact, distress and inconvenience this caused. It recognised Miss B wished to invoke her 14-day cooling off period on a number of occasions and opened a number of accounts to take advantage of new products being launched. While this did result in her having to make additional requests to it, it was sorry for any delay in carrying out any of her requests. Virgin said it is required to confirm the identity on all new accounts opened.

Virgin reached an agreement with Miss B that a new ISA would be opened to replace a closed ISA, with interest at the then current rate backdated to June 2022. Virgin also agreed to pay £275 compensation. This was a "like for like" product so Miss B could continue to take advantage of the tax rules that applied to ISAs. However Miss B expected the ISA to mature in June 2023 but Virgin advised that the original maturity date of October 2023 would apply. She insisted that the agreement reached was for the maturity date to be in June 2023. When she closed the account in July 2023, Virgin applied a penalty, which Miss B believed was unfair. She believed that Virgin should refund the penalty it charged to her.

On referral to the Financial Ombudsman Service, our Investigator thought that Virgin had resolved Miss B's complaint appropriately. He could not find that Virgin had agreed an earlier maturity date or that it was wrong to apply a penalty when the account was closed early.

Miss B did not agree, and believed that she had a contractual agreement with Virgin, which she only agreed to on the basis that she would be able to close the account in June 2023. She said that she had not signed any documents to say that she accepted the terms and conditions of the new ISA.

The matter has been referred to me for further consideration.

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.

First of all, I recognise that Miss B suffered poor customer service from Virgin. This was partly caused by the merged businesses having different platforms for her various accounts. Also when she opened new accounts she had to repeat the ID process. I don't think the repeated ID process was unreasonable in itself, but I recognise that Miss B suffered difficulties with communication and delays which caused her distress and inconvenience. And Virgin recognised this too. I do think however that the £275 paid was an appropriate award of compensation. An award of that amount would be appropriate where the service provided has caused more than the levels of frustration and annoyance that might be reasonably expected from day-to-day life, and the impact has been more than just minimal, where an apology won't be enough to remedy the mistake.

In respect of the agreement over the ISA, as both parties have agreed to the matter being reviewed by the Financial Ombudsman Service, I will look at the said agreement and consider whether it was reasonable. But I do recognise first of all that if the parties had agreed upon a maturity date for the replacement ISA then it wouldn't be fair to set a later maturity date.

In the course of the telephone calls with Miss B or her mother I can find no agreement that , for the replacement ISA, a maturity date of June 2023 would apply. I appreciate that the rate of interest was backdated to June 2022 but the agreement was to replace an ISA which was due to mature in October 2023. This was so that Miss B could have the full advantage of the tax rules relating to ISAs. I know that Miss B emailed Virgin to set out her view about the arrangement reached, but in response Virgin specifically stated that it could not change the maturity dates.

As regards Miss B advising that she had not accepted new terms and conditions, as this was a "like for like" replacement of the old ISA and Miss B had accepted the terms and conditions for that, I think that the parties were fully aware of the agreement they had reached.

As for the agreement itself, it replaces the old ISA with a new one with a favourable rate of interest backdated, I think that was reasonable. I understand that, with interest rates rising Miss B wanted to take advantage of them, but I don't think that in those circumstances it was unreasonable for Virgin to apply the penalty for closing the ISA early.

My final decision

As I think that Clydesdale Bank Plc trading as Virgin Money fairly and reasonably dealt with Miss B's complaint, I won't require it to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 5 January 2024.

Ray Lawley
Ombudsman