

The complaint

Mr H complains about the interest rate on his Individual Savings Account (ISA) with Clydesdale Bank Plc trading as Virgin Money.

What happened

Mr H says that during a branch visit he was told the interest rate on his account would not be increasing. Mr H is unhappy because he holds a variable account and says he should have been informed his account changed to a fixed rate account.

Our investigator didn't uphold the complaint. She said Mr H was given incorrect information in branch but the compensation of £75 was fair and reasonable.

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.

Mr H says when he went into branch in September 2022, he was told that his account was no longer being offered to the public and that the interest rate would not increase, despite it being a variable account. He says the branch told him he didn't need to be notified of a change as the interest rate wasn't changing.

Mr H returned to the branch in November 2022 and spoke to a manager who said he'd been given incorrect information previously and should've been told his interest is less likely to increase. Mr H thinks he wasn't misinformed during his first branch visit. He says this because the interest rate on his account has remained at 0.35% since July 2021 despite the Bank of England interest rate increasing at various points, from 0.1% in July 2021 to 5.25% in August 2023.

The terms of Mr H's account says the interest rate on his account is variable which means it can be increased or decreased at any time. And I can see that Mr H's account did receive an increase in interest rate in July 2021. Although I take on board Mr H's comments that there were a number of increases by the Bank of England, I don't think it was guaranteed that the interest rate on his account would increase, or that Virgin Money had to follow any increases in line with the Bank of England. Therefore I don't think Virgin Money acted unfairly in not increasing the interest rate on Mr H's account.

Mr H says he should've been told his account is no longer variable. But I don't think it is reasonable to conclude his account is no longer variable just because the interest hasn't increased after July 2021. It follows that I don't think Virgin Money changed Mr H's account from a variable rate account to a fixed rate account without telling him. As there was no change to communicate to him, I don't think Virgin Money needed to do anything.

Virgin Money accept Mr H was misinformed during a branch visit. They offered compensation of £25 in their final response letter. However, as this wasn't sent when it should've been, Virgin Money credited Mr H's account with £75. I realise Mr H would have

been concerned during his first branch visit about his account, but I think the compensation offered is fair and reasonable, especially as the misinformation was rectified during his second branch visit.

I understand Mr H will be disappointed by my decision and he's said he's had to move his money elsewhere. But for the reasons I've explained above I don't think Virgin Money needs to do anything further.

My final decision

Clydesdale Bank Plc trading as Virgin Money has already paid £75 to settle the complaint and I think this offer is fair in all the circumstances.

My final decision is that Clydesdale Bank Plc trading as Virgin Money do not need to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 7 September 2023.

Marie Camenzuli
Ombudsman