

The complaint

Miss K complained that when she tried to consolidate two separate ISAs she held with Clydesdale Bank Plc trading as Virgin Money, it stopped her from doing this. Miss K said her transaction was reversed, and Virgin shouldn't do that without her permission.

What happened

Miss K said she wanted to consolidate two ISAs, so she moved money from one to the other using online banking. She said she was surprised and concerned that Virgin just moved the money back again. Miss K appears then to have transferred these ISA funds elsewhere.

Miss K told us that a couple of months later she found the time to complain about this, but all Virgin said was that she'd tried to pay into more than one ISA in the same financial year. It said regulations meant she wasn't allowed to do that, so it had returned the money to her.

Miss K said she's perfectly entitled to consolidate one existing ISA into another. She said other banks or building societies had been able to do this smoothly online with no problems. And she didn't think Virgin should have moved her money anywhere without her agreement.

Our investigator asked Virgin if Miss K could consolidate her ISAs, and if it had understood that this was what she was trying to do. Virgin has explained that if Miss K moves her money herself, using online banking, then Virgin's systems think that's new money going into her ISA. So it will reject the payment if she's already paid into another ISA during that financial year. The money then gets sent back to the sending account. Virgin said that Miss K could consolidate two ISAs by completing a transfer form.

Our investigator didn't think this complaint should be upheld. She said Miss K unfortunately hadn't followed Virgin's process to consolidate her ISAs. Miss K had already paid into another ISA in that financial year, and she isn't allowed to pay into more than one ISA account in the same year. So our investigator thought Virgin was right to reverse the transaction.

Miss K said that we'd just said the same as Virgin, and she didn't think we'd done any critical thinking. She repeated that other banks do manage to permit transfers in this way. She said Virgin was just trying to cover up the inadequacy of its online banking system, at the expense of its customers. And Miss K still thought Virgin shouldn't make any bank transactions at all without a client's consent.

Our investigator didn't change her mind. She said banks do have different processes. Miss K wanted her complaint to be considered by an ombudsman, so this case came to me for a final 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.

I've reached the same overall conclusion on this complaint as our investigator.

Miss K says that she's been able to make direct transfers from one ISA to another, using online banking, with other banks before. And she thinks if Virgin can't do that too, then its online banking system is inadequate.

I'm sorry to have to tell Miss K that I don't agree. I understand her view that it would be better service, if Virgin's online system could tell whether she's moving money into an ISA in breach of the relevant regulations, or not. But it's not the role of our service to insist that businesses provide the best possible customer service.

What I have to do is to decide cases by reference to what's fair and reasonable in all the circumstances. And I do think it is fair and reasonable for Virgin to tackle the very complex area of ISA payments and transfers by adopting a cautious approach, and asking its customers to complete a transfer form if they want to move money between ISAs. That way, it can be sure that its customers don't inadvertently breach ISA rules, and lose the benefits of the ISA wrapper for their money.

I realise Miss K says that other banks take a more sophisticated approach to this, but I don't think that makes what Virgin has done unfair, or unreasonable.

Miss K also says that banks shouldn't ever carry out any transaction without the express agreement of the customer. But I don't think it was wrong, in this case, for Virgin to reverse the specific transaction that Miss K made, for the reasons I've set out above.

Miss K said that she could have lost out on interest because Virgin had returned her money. However, it appears that Miss K was aware at the time that the transfer hadn't gone ahead, because she appears to have closed this Virgin ISA very shortly after this. So I don't think it's likely that Miss K has suffered a financial loss because of what Virgin did in this case.

I know Miss K will be disappointed, but I don't think Virgin has been unfair or unreasonable here. And that means her complaint won't be upheld.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 2 October 2023.

Esther Absalom-Gough

Ombudsman