

The complaint

Mr L complains that Clydesdale Bank Plc, trading as Virgin Money:

- Knew he wanted to open a new bond when his existing one matured. But when his bond matured he was told there were no more bonds available.
- Told him he couldn't reinvest his matured bond money until his complaint had been resolved.
- Took too long to deal with his complaint, at one point wrongly closing it.

He wants compensation for the interest he says he's lost since his existing bond matured on 21 April 2021.

The events Mr L complains about took place when the business was trading as Yorkshire bank. Virgin Money has now taken responsibility for the complaint, and I will refer to the business as Virgin Money throughout my decision.

What happened

Mr L had a fixed rate bond in his sole name which matured in April 2021. Shortly before maturity, Mr L phoned Virgin Money to discuss his options. He said he was told he would be able to open a new bond in joint names with his son. But, when the bond matured, he says Virgin Money told him there weren't any new bonds available. He complained in or around April 2021, and he didn't receive a final response until February 2023. He says the delay was partly caused because Virgin Money wrongly closed his complaint. And he says he's lost interest because Virgin Money told him that he couldn't reinvest the bond maturity proceeds until his complaint had been resolved.

Virgin Money said there were no bonds available when Mr L's existing bond matured, and he was given the correct information. And that it hadn't told him he couldn't reinvest his bond proceeds while his complaint was being investigated. It apologised for the length of time it took to investigate and respond to his complaint and offered Mr L £50 for the distress and inconvenience caused. It says his complaint was transferred to another complaint reference but wasn't closed or missed. It offered to pay him a further £50 as a gesture of goodwill.

Our investigator didn't recommend that the complaint should be upheld. He thought Virgin Money's offer of £100 in total was fair and reasonable. He thought Mr L had been given the correct information and he'd not seen evidence to show that Virgin Money told Mr L he couldn't reinvest his money until his complaint had been resolved.

Mr L didn't agree. He said, in summary, that:

- Virgin Money misled him. He was told he should transfer the existing bond maturity proceeds to his bank account, and he could then open a new bond in joint names with his son. He should have been told there were no bonds available.

- Branch staff told him, on more than one occasion, that he couldn't reinvest the bond proceeds until his complaint had been resolved – either by Virgin Money or by ourselves.
- He received a complaint closure letter before his complaint had been properly investigated. Virgin Money had to reopen the complaint using a new reference number.

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 listened carefully to a recording of the phone call which took place after Mr L received the notice of maturity letter from Virgin Money. Mr L phoned Virgin Money because he couldn't clearly read the letter he'd received, and he wanted to know what his options were. Virgin Money told him that it was offering bonds at 0.35% for maturing bond holders. Mr L thought better rates might be available elsewhere, and he also wanted the new bond to be in the joint names of him and his son. He was the one to suggest that it would be best to transfer the bond maturity proceeds to his bank account and he would reinvest from there. He asked Virgin Money if it could send a new bond account opening form in case he and his son decided to open a bond with Virgin Money. But Virgin Money explained this would be treated as a new investment, rather than reinvestment of a maturing one, and that there were no bonds available for new customers.

Whilst during the call Mr L didn't always seem to fully understand what Virgin Money told him, I'm satisfied that matters were clarified during the call. And, by the end of the call, Mr L had given clear instructions to transfer the bond maturity proceeds to his instant savings account when it matured on 20 April 2021. I'm satisfied he understood that Virgin Money wouldn't be able to open a new bond for him to invest in, because he would be treated as a new customer once the bond proceeds had been withdrawn.

Mr L says he was told by branch staff that he couldn't reinvest the bond maturity proceeds until his complaint had been resolved. Whilst I appreciate this was his understanding, I've not seen evidence to show that he was told this by Virgin Money. When his bond matured, the proceeds were paid to his account in accordance with his instructions. From there he was free to use that money however and whenever he chose to. The investigation and the outcome of his complaint didn't restrict him from withdrawing his own money had he chosen to do so.

Mr L's complaint was initially being dealt with by Virgin Money alongside another complaint that he had raised. Whilst that complaint was closed by Virgin Money, I'm satisfied the matters he raised which hadn't been responded to were transferred to a new complaint reference and continued to be investigated.

I've tried to obtain further information from Virgin Money to understand why it took so long for it to respond to this complaint. But Virgin Money hasn't provided an explanation. Whilst this is frustrating, and has caused Mr L some distress, Virgin Money paid Mr L £100 as an apology and a gesture of goodwill. I think that's fair and reasonable in the circumstances. Virgin Money credited Mr L's account on 28 June 2023. So I don't find it needs to do anything more.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or

reject my decision before 17 January 2024.

Elizabeth Dawes
Ombudsman