

The complaint

Ms S has complained that Clydesdale Bank Plc trading as Virgin Money ("Virgin Money") changed its security settings on her account which prevented her from accessing her account.

This resulted in Ms S being prevented from providing instructions to Virgin Money regarding a maturing fixed rate savings account.

What happened

Ms S had a fixed rate savings account with Virgin Money. The savings account was due to mature on 24 August 2022.

When Ms S went to provide the instructions regarding the maturing savings account, Ms S was unable to log into her online account. Ms S says that the login instructions said that she would receive a security code by phone – known as a One Time Passcode (OTP) – and was required to enter the OTP to login successfully. Ms S says she never received the OTP, and so was unable to log in.

Ms S believed that she didn't receive the OTP as she doesn't own a mobile phone, so she contacted Virgin Money to look into matters further. However, as Virgin Money didn't issue a final response letter to her complaint, she referred her complaint to this service.

After Ms S had referred her complaint to the Financial Ombudsman Service, Virgin Money issued a final response letter. It acknowledged the difficulties that Ms S had experienced and confirmed that it had transferred Ms S's savings account to a new ISA product and confirmed that it had backdated the interest and product start date to 24 August 2022. Virgin Money also offered to pay £200 compensation for any distress and inconvenience caused.

One of our investigators assessed the complaint, and they thought that Virgin Money's actions to put things right by opening a new savings account and backdating the interest was reasonable. However, they did think that, in addition to what it had already done, Virgin Money should also pay a total of £350 compensation to Ms S for the distress and inconvenience caused to her by this matter.

Ms S accepted the investigator's findings but was still unhappy as she was still not able to access her account. Virgin Money didn't agree with the investigator's assessment – so the complaint was referred 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'll start by saying that I can see that during the investigator's assessment, the fixed term ISA matured in August 2023. Ms S says that she was still unable to log in to her account online, but she says she sent an email to Virgin Money in August 2023 to instruct it to transfer the funds into another ISA product. However, Virgin Money says it didn't receive this instruction.

Even though these events were a new issue (albeit arising from the same technical problem), the investigator tried to resolve matters informally by asking Ms S to contact Virgin Money to reinstate access to her account and asked Virgin Money if it would be willing to backdate the interest (again).

However, as Ms S was unwilling to call Virgin Money and as Virgin Money was unwilling to backdate the interest again, Ms S will need to raise her concerns about her August 2023 instructions not being actioned as a new complaint with Virgin Money in the first instance. I'll move onto deciding those issues that Virgin Money has responded to in its final response letter i.e. Ms S being unable to log in to her account and Virgin Money not reacting to Ms S's savings instructions in 2022 – in line with the rules that apply to this service. Having reviewed everything, I agree with the outcome reached by the investigator. I will explain why.

Account access

Virgin Money was entitled to change the login process for its online banking service. I say this because Virgin Money has a responsibility to protect its customers' deposits and ultimately it is for Virgin Money to decide what protections it puts in place. Virgin Money says that the One Time Passcode (OTP) could be sent to a land line or a mobile phone. So, although Ms S says she doesn't have a mobile phone, I haven't been presented with any evidence or arguments to persuade me there was anything inherently unfair in the measures Virgin Money introduced.

From what has been provided, it's not clear why Ms S didn't receive the passcode. It looks like Virgin Money has the correct telephone number recorded for her and it has provided evidence to show that the OTP's were being sent to Ms S when she attempted to login. I also say this as I'm not aware of any general systemic issues.

Virgin Money has, quite understandably, asked why Ms S didn't call if she was experiencing difficulties. From what I have read, I understand that Ms S did initially call up in August 2022. After getting transferred to the correct department, she says she hung up after being on hold after 30 minutes. But then I can't see that Ms S has tried calling Virgin Money since then.

In the circumstances, whilst I recognise that waiting on hold for that long is frustrating, I also think that Ms S could've mitigated matters. For example, if Ms S wasn't getting a response to her emails, she could've tried calling Virgin Money on further occasions, or by using the webchat on Virgin Money's website (which when I tested it out, provided a telephone number to call to resolve technical issues). Had she done so, I think the technical difficulties she's experienced could've been resolved many months ago.

Ms S says that she did try logging in again on 11 August 2023, but Ms S's account was locked. Ms S's representative has provided a screen shot of the message that appeared. In that message it says:

"Please select 'Exit' to be redirected to your security questions. Once answered correctly, we'll send you an email to retrieve your one-time password to sign in."

Ms S's representative says that they tried following the instructions recently. However, they said that they were back in the same situation as before - that an OTP was being generated but Ms S didn't receive it. Again, I think such technical matters could've been resolved had Ms S called Virgin Money to get to the bottom of the issue or to at least find a work around.

So taking everything into account, I'm unable to say that Virgin Money has acted unfairly or unreasonably in this matter. From what I have seen Virgin Money's system was sending the OTP's to Ms S in a way that she could have received them. I can also see that when Virgin Money (eventually) responded to the complaint, it directed Ms S to the technical help section of its website for further information. And, although Ms S has asked our service to help, ultimately resolving such a technical issue can only reasonably be resolved by Ms S speaking directly to Virgin Money. Afterall, the Financial Ombudsman Service doesn't have direct access to Virgin Money's systems or the ability to make changes to how the system operates. To help Ms S rectify matters, I can see the investigator provided Ms S with a telephone number for Virgin Money she can call to discuss the matter further.

ISA that matured in August 2022

Having said the above, I can see that Ms S sent Virgin Money a number of emails since August 2022. Virgin Money did not get round to issuing a response to the complaint until February 2023.

In my view, this was an unreasonable amount of time for Virgin Money to address Ms S's concerns, especially as her ISA had matured (which contained a considerable amount of money) and Ms S had no idea what was happening with the money in her account. I think the extended delay in responding to Ms S caused her added anxiety about whether her ISA instructions would be actioned or not. Because of this, I think that the increased award of £350 compensation recommended by the investigator is warranted in this case – especially due to the timescales involved.

ISA that matured in August 2023

Due to the delay in responding to Ms S's complaint, I can see that Ms S's instructions in 2022 that her savings account be reinvested were not (initially) acted upon.

Virgin Money acknowledged this in its final response letter. It arranged for the fixed rate savings account that matured in August 2022 to be retrospectively transferred into a new ISA product and backdated the interest and product start date back to August 2022.

I note that the product that Virgin Money provided, included a better rate of interest than the product that Ms S had originally requested. So, although Virgin Money had clearly not initially handled matters well, I do think the corrective measures it took to put matters right in early 2023 were fair and reasonable in the circumstances.

Did Virgin Money pay Ms S the correct amount of interest?

Ms S's representative has questioned whether the correct amount of interest was paid to her, after Virgin Money had backdated the ISA product to 24 August 2022.

Virgin Money has provided a copy of its records. These show that it paid £2,003.87 in interest to the savings account on 5 August 2023. The records show that a further £103.66 of interest was paid into the savings account on 24 August 2023. This means that Ms S received a total of £2,107.53 in interest. I appreciate that, as Ms S has not contacted Virgin Money to regain access to her account, she may only be aware of the larger interest payment made on 5 August 2023. But I'm assured from what I have seen that Virgin Money did pay Ms S the correct amount of interest on her savings for the August 2022 – August 2023 period.

So taking everything into account, and bearing in mind that this decision does not cover the instructions that Ms S says she sent in August 2023, I think that what Virgin Money did to ensure that Ms S received the correct amount of interest on her savings was fair.

Putting things right

To put matters right, Virgin Money needs to pay Ms S a total amount of £350 in compensation. This is to reflect the distress and inconvenience Ms S experienced because of Virgin Money's delay in responding to her emails, asking for her savings to be transferred into another savings product.

My final decision

Because of the reasons given above, I uphold this complaint and require Clydesdale Bank Plc trading as Virgin Money to do what I have outlined above, to put matters right, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 5 February 2024.

Thomas White
Ombudsman