



The complaint

Ms M on behalf of Miss E complains that Clydesdale Bank Plc trading as Virgin Money ("Virgin Money") failed to provide appropriate advice regarding the transfer of control of Miss E's child's savings account. This resulted in the funds of the account being misappropriated.

What happened

On 18 June 2012 a child savings bond account (fixed for 5 years) was opened in Miss E's name with funds deposited from an inheritance. Miss E's mother was the account operator and held the same surname. On maturity of the account if the child is over 16 years old the account would need to be closed.

Once the child reaches 16 years the terms and conditions say they may take control from the adult and operate the account.

The account matured on 19 June 2017 at which point Miss E was around 19 years old but hadn't taken control regarding the operation of the account. Virgin Money wrote to Miss E's mother about the maturity of the account the month before providing the choices available regarding the account.

Following receipt of this letter Miss E and her mother visited a branch of Virgin Money and the account was closed. The closing balance of £34,783 was sent by cheque to Miss E's mother who was still the named account operator. This cheque was deposited into a joint account held in the names of Miss E and her mother at another bank the following month.

Miss E complained to Virgin Money about this.

Virgin Money said that for Miss E to have taken control of the ownership of the account a form known as CB0239 would've needed to be completed and signed by both the child and adult operator. In Miss E's case this form was never completed, so Miss E's mother remained in control of the operation of the account. Virgin Money also said that it wasn't made aware of any issues there might have been between Miss E and her mother.

Miss E was dis-satisfied with this and brought her complaint to this service represented by Ms M.

One of our investigators looked into Miss E's concerns and reached the conclusion that Virgin Money hadn't done anything wrong as the requisite form to transfer ownership/control of the account hadn't been completed so the account remained under the control of Miss E's mother.

Ms M disagreed, she says it's been assumed that the information regarding the transfer of the account and completion of the form was discussed with Miss E when it wasn't. Ms M believes that when the account was closed that the transfer of the account should've been discussed and offered to Miss E.

She says failure of Virgin Money to do this has resulted in Miss E's mother misappropriating the funds of the account and has asked for an ombudsman's 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.

Having considered everything provided - and I know this will come as a disappointment - I've decided not to uphold Miss E's complaint.

Ms M has said much regarding the processes that she believes Virgin Money should've followed or had in place when the account was closed. It might be helpful for me to say here that, as we are not the regulator, I cannot make Virgin Money change its systems or processes – such as how accounts are operated or the procedure for closing them. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

My role is to look at the problems Miss E has experienced and see if Virgin Money has done anything wrong or treated them unfairly. If it has, I would seek – if possible - to put Miss E back in the position she would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable.

And although I think it's likely that Miss E has been wronged and hasn't received money she was entitled to - and this is very sad - from the evidence I've seen, I don't think this wrong has been committed by Virgin Money or that it has treated Miss E unfairly.

The terms and conditions of the account in question require the account to be opened and operated by a parent or responsible adult and that only instructions will be accepted in relation to the account from the adult. In this case Miss E's mother was the operator of the account.

The account is only available for children up to the age of 16 following which the funds had to be withdrawn. The maturity options form says that cheques will be made payable to the person registered with it to operate the account on the Maturity Date.

However, the terms & conditions for the account say that:

'If the child reaches 16 years of age during the Fixed Term they may take over control from the Adult and operate the account'.

Virgin Money say the process for the child to take over control of their account from the adult, after they had reached the age of 16, is that a CB0239 form would be required to be signed by both the child and the adult, with the *adult agreeing* to the 'child' operating the account.

Miss E says that Virgin Money never informed her about this when she visited the branch with her mother when the account was closed. Given the time that has passed and the available evidence I don't think I have enough information to make a definite finding on this or what was discussed at the time of closure.

But I don't think this matters, as even if Miss E was informed of the option to transfer the operation and control of the account over to herself – I think it would've been a pointless exercise as this type of account was no longer available to her as she was over 16 and the purpose of the visit to the branch was to close the account. But more importantly, she would've only been able to transfer the operation of the account to herself if her mother agreed to this and signed the requisite form.

And based on what appears to have happened – I think it is unlikely Miss E's mother would've agreed to it. And I don't think it would be fair to penalise Virgin Money for not getting involved in the financial decisions a parent takes regarding their child however right or wrong they appear to be. I've also not seen any evidence that Virgin Money was made aware of any difficulties in Miss E's relationship with her mother or that it had any reason to suspect Miss E's mother may misappropriate the funds meant for her daughter.

So I can't say that Virgin Money has made an error or treated Miss E unfairly. It is not in dispute that the form wasn't completed to transfer ownership of the account to Miss E and this being the case the operation of the account remained with Miss E's mother at maturity. This meant she remained in control and the operator of the account and the proceeds of which were payable to her.

So overall and having considered everything I do not think Virgin Money acted unreasonably or treated Miss E unfairly.

My final decision

For the reasons I've explained, I've decided not to uphold Miss E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 13 November 2023.

Caroline Davies
Ombudsman