

The complaint

Mrs H complains that Clydesdale Bank Plc (trading as Virgin Money) prevented her from accessing the money in her account, and never explained the conditions required for her to transfer funds when she opened the account.

What happened

I set out the background and my provisional findings to Mrs H's complaint in my provisional decision and here.

'On 6 February 2023 Mrs H tried to transfer funds from her Virgin account to her main bank account via internet banking, but the transaction would not go through. She called Virgin and was told that she could only make the withdrawal via its app or in branch, but she explained that she doesn't have a smartphone, and there's no branch near her.

Mrs H said Virgin told her she needed a 'secure token', which would be sent by post. She objected about the delay, and after three hours on the phone was told she could do this by phone. She began the process, but the call went down, and she couldn't get a response. Mrs H called Virgin the next day to start the transfer process again, and after about two hours was told it wasn't possible. She called again on 8 February and was told a token would be sent, which arrived on 10 February to allow the transfer.

Mrs H said during many calls to Virgin she was passed around agents, none of whom knew about the token and refused to let her speak to a manager. She said on opening the account there was nothing to indicate she would need an app, or go to a branch to make a transfer and had she known she wouldn't have opened the account. Mrs H complained to Virgin.

Virgin responded that it sets daily transaction limits to protect its customers. It apologised for the communication difficulties and for any offence its agents may have caused and offered Mrs H £25 compensation. Virgin said the correct process was followed with Mrs H's payment in line with its fraud system. It referred Mrs H to its 'Staying safe online guide'.

Mrs H said Virgin refused to accept it had caused a problem and she said she couldn't have known about the online advice and isn't linked to the 'Dive into the Detail' page online. Mrs H said she was frustrated, upset, angry, had spent many hours wasted on endless phone calls, but was also financially embarrassed and had to borrow money. She said Virgin should compensate her and explain to new customers the difference with most other online accounts. Mrs H referred her complaint to our service.

Our investigator didn't recommend that the complaint be upheld. He said Virgin's transaction limits are in place for security purposes and are detailed on its website. He said Mrs H experienced poor service on the phone, but the compensation offered for that is fair.

Mrs H disagreed with the investigator. She said she couldn't find any reference to the limit on Virgin's website, and no reference to tokens. She said Virgin were unhelpful, difficult to contact, and slow to react. Mrs H requested an ombudsman review her complaint.

What I've provisionally decided – and why

I have looked at Virgin's handling of Mrs H's attempted online transaction to see if it acted reasonably and within the terms and conditions of the account, and I have also looked at the communications between the parties to see if Virgin has treated Mrs H fairly.

Mrs H attempted to make an online payment of £21,000 from her Virgin account, and encountered problems. Virgin has said that any transaction over £500 must be conducted via its App or in branch. I was sorry to learn that this inconvenience led to Mrs H needing to borrow money from friends for a few days. Mrs H said the transaction limit wasn't explained to her and aren't set out in the account terms and conditions.

I can see that Virgin's website gives details of the transaction limits that apply to Faster Payments using various methods. These show the limit for online payments is £1,000 daily and the limit for payments using telephone banking is £5,000 daily. Payments up to £30,000 can be made on the mobile app or using a security token. These limits apply to all customers and so Virgin hasn't treated Mrs H unfairly in applying them to her transaction.

In Mrs H's circumstances it would have helped if Virgin's terms and conditions included the payment limits and stated that for transactions in excess, a token may be required. But the terms don't have to cover every aspect of how an account operates, they focus on the elements of the contract between the parties and their obligations. I agree with the investigator that as Virgin offer other options to make larger payments it's reasonable that the requirement for a token in certain circumstances isn't included in the terms, or discussed at account opening. However, this and Virgin's approach to the tokens, (that they are only provided to customers on request), meant that Mrs H was largely dependent on Virgin's agents for the information she needed.

From what Mrs H has said, she received contradictory information from Virgin's agents about how to complete the transaction and in particular the requirement or otherwise for a security token. I think the agents tried to be helpful, but I would expect them to be aware that some customers would not have access to Virgin's App or a branch and have a workaround available to meet the customer's circumstances.

I agree with the investigator that Mrs H was inconvenienced by being given incorrect advice by Virgin on phone calls and was passed between departments leading to long calls. I can well understand her frustration at the time spent on calls and the lack of progress she was making. However, I don't agree that £25 compensation represents a fair reflection of the distress and inconvenience caused to Mrs H. Virgin wouldn't have known in advance that the failure of the transaction would cause Mrs H the embarrassment of having to borrow money from friends, but this was behind her need to find an urgent solution to the transaction caused her embarrassment and inconvenience.

Virgin has apologised to Mrs H for the inconvenience she suffered of long call wait times and I can see she spent several hours on calls in February 2013. All-in-all I think Virgin could have done a lot more to provide Mrs H with speedy assistance merits and this merits an award of £125 compensation.

Mrs H said she wouldn't have opened the Virgin account if she had known about the need for a security token in certain circumstances. I haven't found that Virgin's approach to the security of large payments differs greatly from other account providers in that it requires stronger authentication. And as Mrs H said she doesn't often make large payments I don't think the potential requirement for a token would have significantly influenced her in deciding to open the Virgin account.'

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.

In response to my provisional decision, Mrs H said she was pleased that I had agreed that Virgin could have done more to help in the circumstances, and she felt it was important that withdrawal conditions should be made clear in all marketing information.

Virgin responded to say that it accepted the provisional decision to increase the redress to £125 from £25.

Given that both parties have made no challenges or further points in response to my provisional decision, I see no reason not to follow the outcome I proposed there.

Putting things right

It follows that I remain of the view that Mrs H was caused considerable inconvenience at a time when she needed more help from Virgin, and that in order to put things right it would be fair for Virgin to pay Mrs H £125 compensation.

My final decision

For the reasons given here, it is my final decision that the complaint is upheld. I require Clydesdale Bank Plc (trading as Virgin Money) to pay Mrs H £125 compensation for the distress and inconvenience its service has caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 18 December 2023.

Andrew Fraser
Ombudsman