

The complaint

Mr and Mrs C complain that Clydesdale Bank Plc trading as Virgin Money wrongly transferred money out of their account.

What happened

On 29 July 2022 (a Friday), Virgin Money removed from Mr and Mrs C's account nearly £5,000 purportedly pursuant to an "arrestment" order (funds claimed under a court order). They discovered this and immediately contacted Virgin Money because they knew it was a mistake. However Virgin Money told Mrs C that she had to contact the court and take action herself over that weekend. Mr and Mrs C spent time trying to find out what happened. As Mrs C pointed out, this was the second time that year that Virgin Money had mistakenly removed money from one of their accounts.

Virgin Money admitted that it had made a mistake and refunded the money in full by the afternoon of 1 August. In its final response letter it upheld 3 complaints:

- a) It was its error in removing the monies which it should have noticed related to a different customer with a different address;
- b) Mrs C had to spend excessive waiting time on calls to Virgin Money and
- c) Its staff should not have told Mrs C that she had to go to the court to retrieve the money.

It paid Mr and Mrs C £200 compensation.

Mr and Mrs C were not happy with the compensation payment. They pointed out that they had to go to a wedding that weekend but couldn't enjoy the wedding because of the anxiety over the removal of funds. They also went on holiday that weekend and had to spend the first day of the holiday trying to find out what happened to their money.

On referral to the Financial Ombudsman Service our Adjudicator thought that Virgin Money had acted fairly by paying £200 compensation.

Mr and Mrs C did not agree and the matter has been passed to me for further consideration.

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.

Virgin Money is not disputing here that it made an error. It should not have released the money because the order related to a different customer with a different spelling of a first name and a completely different address. It also agreed that Mr and Mrs C should not have been told to sort the matter out themselves. Further it admitted that its call waiting times were excessive.

Mr and Mrs C believe that £200 compensation is not sufficient. They have pointed out that

they could not enjoy the wedding they went to that weekend. They had to face the prospect of going on holiday with only £500 left in their account. Mrs C under packed for the holiday because she was in such a state and it took until 3:00 pm on the Monday, the first day of their holiday, before Virgin Money finally admitted its error. She had three sleepless nights worrying about going on holiday without enough money. She further feels that although Virgin Money has said it hasn't affected their credit rating there must be an internal record which shows that they have a bad credit record because this is the second such error that Virgin Money have made in a year. She feels that the consequences of Virgin Money's incompetency should be more serious than a paltry £200.

I have every sympathy for Mr and Mrs C. It must have been very distressing to find the money had been taken out of their account especially when Virgin Money had previously made an error over another of their accounts. I'm not considering that matter but I understand Mr and Mrs C's concern that Virgin Money made another error. I can also see that it was frustrating and inconvenient for them to have to find out what happened when this should have been Virgin Money's responsibility. Having said that, they were left with £500 in their account and they have told us that, fortunately they were not prevented from making any purchases over the weekend. With regard to their credit rating, they should be able to check their external credit rating. And I can't assume that Virgin Money has got some sort of bad marker against their internal record. I think this error is more indicative of poor management resulting in a lack of attention to detail.

So bearing in mind that Mr and Mrs C were caused a great degree of distress and inconvenience but over a short period, I think that the payment of £200 is a fair and reasonable amount of compensation taking into account our awards in similar cases. I should add that the award is to compensate Mr and Mrs C, not to penalise Virgin Money. I would expect Virgin Money to ensure that its internal records for Mr and Mrs C are all in order, especially as this was the second time an error had been made regarding funds on an account belonging to them.

My final decision

As in my view a fair award of compensation has been made, I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs C to accept or reject my decision before 10 November 2023.

Ray Lawley
Ombudsman