

## The complaint

Mr B complains that Clydesdale Bank Plc trading as Virgin Money had issues when he tried to open a savings account, meaning he lost out on interest.

## What happened

In around June 2022, Mr B applied online for a Virgin Money M Plus savings account. However, due to an error he was unable to open it. Despite him raising a complaint about this, Virgin Money were unable to provide a meaningful response until February 2023. In their response, Virgin Money explained the savings account was a linked account which required an M Plus current account. They said that as Mr B had previously closed his linked M Plus savings account, and he was only able to have one savings account at a time, their system was unable to open the account online. In recognition of this issue they offered Mr B £200 compensation.

Mr B felt the customer service he had received from Virgin Money was poor and that they should take his lost interest into consideration. Our Investigator looked into the complaint and felt that overall, the offer made by Virgin Money was fair. And that Mr B still had access to his funds while he was waiting for a response to his complaint, so he did receive interest on the funds, and they did not feel he had lost out.

Mr B disagreed with this and said he had £10,000 available that he would have put into the M Plus savings account and earned higher interest on, so he felt he had missed out as a result.

The complaint was passed to me and I issued a provisional decision which read as follows:

*It is not in dispute that the declined savings account application was due to a systems complication on Virgin Money's side which meant Mr B would have had to call them to arrange for one to be opened, which is outside of the normal process. And it's also not in dispute that Virgin Money took around eight months to clearly explain this to Mr B. As all parties agree, I won't be looking into the details of what happened further.*

*What's left to decide is whether or not the £200 compensation offered and paid is fair and reasonable in the circumstances and if Mr B's claim of lost interest should be considered further.*

*I've firstly considered the level of compensation for the initial error and the delay in providing Mr B with a response to his query. I acknowledge that Mr B had to chase Virgin Money for a response to his query and this caused him inconvenience. In addition, he was unable to open the savings account when he wanted to which meant he had to make alternative arrangements for his funds. On balance, I think the £200 offered and paid to Mr B is fair and is in line with what I would have recommended in the circumstances. So, I don't think Virgin Money needs to increase this.*

*I've gone on to consider Mr B's claim for lost interest on his funds. And I agree this needs to be looked into in more detail. Mr B feels that he has missed out on almost a year's worth of*

*interest due to the time it took for Virgin Money to respond to him. While I can consider losses, these should be losses caused as a direct result of Virgin Money's errors. While I agree the delay in responding to Mr B about his complaint meant there was a period of time in which he did not move his funds, I don't think it would be reasonable to conclude that Virgin Money is responsible for Mr B being unable to move his funds to a suitable account over the course of almost a year.*

*Mr B has provided evidence that he had around £10,000 in savings that he says he would have put into the M Plus savings account. From the documents he has provided, it appears these funds were in a savings account with a third party, I'll call 'C', in July 2022 and were then moved to a fixed rate ISA in April 2023.*

*I've looked at the historic interest rates of both the account with C and the M Plus savings account, and focused on the first few months following the attempted account opening. While the account with C did initially have a slightly lower interest rate, from August 2022 onwards it then had a higher interest rate when compared to the M Plus account. As a result, I think the fluctuating rates that are typical of easy access savings account means Mr B has not lost out financially as a result of him being unable to move his funds to the M plus account in July 2022.*

*Based on the findings above, I currently intend to uphold Mr B's complaint in part. I agree that Virgin Money had system issues which led to Mr B not being able to open a savings account and then caused delays in providing him a response to his complaint, and I think the £200 already offered and paid is in line with what I would have recommended. But I don't currently think Mr B has lost out financially in terms of lost interest as a whole following the issue.*

Mr B acknowledged by provisional decision and did not provide any additional comments or evidence for me to consider.

Virgin money did not provide a response to my provisional 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.

As neither party has provided any additional comments or evidence for me to consider, I see no reason to depart from the findings set out in my provisional decision.

So, for the reasons outlined above, I agree that the £200 compensation already offered and paid is fair redress in the circumstances. But I do not agree that Virgin Money needs to pay Mr B for any lost interest on his funds.

### **My final decision**

Clydesdale Bank Plc trading as Virgin Money made an error when Mr B tried to open a savings account with them and I agree the £200 compensation already offered and paid is fair redress in the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 4 August 2023.

Rebecca Norris  
**Ombudsman**