

The complaint

V, a limited company complains that mistakes made by Clydesdale Bank Plc trading as Virgin Money led it to lose customers.

V wants Virgin Money to compensate it for lost revenue and damage to its brand.

V is represented in its complaint by a director, Mr U.

What happened

V was a customer of Clydesdale Bank which then merged with Virgin Money. In mid-2022, V applied for a new business bank account with Virgin Money as the free banking period was due to end on its existing business current account.

Mr U later complained to Virgin Money after V's clients reported difficulties making payments to the new account. Mr U said that several clients had been told by their banks that they could not make payments to V's account as it was potentially fraudulent.

Virgin Money told Mr U that he should tell V's clients to use Clydesdale Bank Plc trading as Virgin Money as the bank's name. However by this time, Mr U was unhappy about the clients V had lost.

Mr U thought that Virgin Money could have avoided the problems if it had made it clear how to refer to V's account when it sent out details of the account. Mr U said that the details Virgin Money provided indicated that V now had a Virgin Money account but it had given him a Clydesdale Bank sort code and Virgin Money account number which meant standing orders and direct debit payments failed.

Before V brought its complaint to the Financial Ombudsman Service, Virgin Money apologised that V's clients were having difficulties setting up their standing orders using the new account details. Virgin Money agreed that it would have been preferable for all accounts to show in the name of Virgin Money but that this was not always possible due to the continued merging of the brands.

Virgin Money apologised for sending documents to V which contained details belonging to someone else. Virgin Money agreed that it had delayed sending a statement to V and that it had taken too long to investigate V's complaint. For these failings, Virgin Money paid V £150.

Our investigator explained to Mr U that she could not look at his concerns over the length of time it had taken to deal with V's complaint as complaint handling did not fall within our remit. She suggested to Mr U that if he was concerned about receiving statements belonging to someone else, he should raise his concerns with the Information Commissioner's Office.

After looking at the rest of the complaint, our investigator didn't think that Virgin Money had treated V fairly. She didn't think V had provided enough evidence to show that it had lost clients solely because of Virgin Money's mistake. But our investigator did think that Virgin

Money should pay an additional £500 for the inconvenience caused to V when trying to find out what had happened and having to contact many clients about their standing orders.

Mr U disagrees with the investigation outcome. He says that rather than having to amend 50 standing orders, the number was almost double so the award of compensation should reflect this.

Mr U says that he felt trapped with Virgin Money for fear of losing more clients by giving them another set of bank details.

Mr U says that V's dispute has been going on for almost 15 months which has been a stressful time during which he has lost money and time. So, Mr U doesn't think £500 compensation is fair.

Our investigator told Mr U that she still thought the compensation was fair. She explained that she could only consider the impact any mistakes have had on V, rather than Mr U personally.

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 realise that I have summarised V's complaint in less detail than the parties and I have done so using my own words. The rules that govern this service allow me to do so. But this does not mean that I have not considered everything that both parties have given to me.

I think it's agreed that Virgin Money could have made it clearer at the outset how V's new bank account details should be inputted. And that if Virgin Money had done this, V would have spent less time contacting clients to make sure they used the correct account details. So my decision focusses on whether our investigator's recommendation goes far enough to put things right for V.

I note from V's records that most of its existing clients maintained their usual standing order payments from July 2022 onwards. I appreciate that a handful of clients stopped using V's services around the time of the switch, but I cannot be sure that the only reason for this was because of issues with V's bank account details. Particularly as V's records indicate that in the period 2021 to 2022, it experienced a similar level of client drop off as it had in previous years (not including the significant drop off in the year impacted by the covid pandemic).

Virgin Money's records also show that in October 2022, V received more than 100 standing order credits into its new account. This would appear to suggest that V managed to secure new clients to replace those that it had lost. So, even if I was to have found that some clients were lost as a direct consequence of Virgin Money's actions, V was able to successfully minimise the impact by building its client base back up. This all means that I don't find it fair to require Virgin Money to compensate V for any lost client revenue following the account switch.

Taking our investigator's proposed award of £500 together with the £150 which Virgin Money has already paid will bring the total compensation paid to £650. This amount sits towards the top end of a range of award this service might make where the mistake has caused significant inconvenience and the impact has lasted over weeks or months.

Although I can see that V was inconvenienced, switching bank accounts is not always a hassle free experience – particularly as this was an internal transfer which meant the switch

guarantee didn't apply. So, even though V had more clients to contact than our investigator referred to in her view, I still think a total of £650 compensation is a fair way to resolve this complaint.

I fully appreciate that Mr U has found the whole experience stressful and that Virgin Money took longer than it should have to conclude its investigation into V's complaint. However, as our investigator has explained, the complainant is limited company V, not Mr U. This means I can't consider the stress that Mr U has felt personally. I can only consider the impact that any unfairness may have had on V. Finally, complaint handling in itself is not a regulated activity that we can usually consider a complaint about. So, although the investigation took longer than it should have, I don't require Virgin Money to compensate V for this delay more than it already has.

Putting things right

Virgin Money should pay V £500. For the avoidance of doubt, this is in addition to the compensation it has already paid to V.

My final decision

My final decision is that I uphold this complaint and require Clydesdale Bank Plc trading as Virgin Money to pay V £500.

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

Gemma Bowen
Ombudsman