

The complaint

Mrs B complains that Clydesdale Bank Plc trading as Virgin Money didn't act within a reasonable timeframe or in a reasonable manner when she was trying to recover money that had been sent to a third party in error. She also complains that Virgin Money didn't respond fully to the issues she raised.

What happened

In September 2022, Mrs B intended to make an online payment from her account to her credit card account. However, she mistakenly made the payment to an individual in her payment history. Mrs B contacted Virgin Money immediately and says she was on hold for two hours then transferred to another department and needed to give her details again. As she wasn't confident following the call Mrs B says she visited a Virgin Money branch the following morning and completed a payment recovery form. Mrs B says she had to contact Virgin Money several times to try to get an update and that she was told on two occasions that the money would be returned but this didn't happen. Instead Mrs B received a refund of £8.61.

Mrs B says the transaction was pending for three days and she believes that had Virgin Money taken action sooner her money could have been recovered.

Virgin Money issued a final response letter in January 2022. It didn't uphold Mrs B's complaint in regard to the actions taken to recover her money, but it did accept that the service provided wasn't as it should have been and it awarded Mrs B £125 compensation. Mrs B raised further issues and Virgin Money sent another final response letter in April 2023. This explained that the payment recovery form was sent on 16 September and the recovery raised with the external bank. It said there were delays in getting a response and it had to chase. Virgin Money accepted that it could have kept Mrs B updated on this. It said the service Mrs B had received from its branch wasn't as it should have been and also that her letters hadn't been responded to. Because of this it offered her a further £100 compensation as well as postage costs.

Mrs B wasn't satisfied with Virgin Money's response and referred her complaint to this service.

Our investigator didn't uphold this complaint. He didn't think that Virgin Money had done anything wrong in its attempts to recover Mrs B's money. He did note the service issues that had been raised but thought the compensation provided for these was reasonable.

Mrs B didn't agree with our investigator's view. She said when she realised her mistake, she called the number on the back of her current account card and it wasn't until one and a half hours later when the call was answered she was told it was the wrong number. She felt she had done everything she could to try to resolve the issue including contacting the bank where the money had been sent with the beneficiary's details. Mrs B explained that she was told the recovery form was sent on 17 September which she disputed as it was a weekend and then it was said that it was sent on 20 September and while she noted the comment about a bank holiday she said the 19 September wasn't a bank holiday locally. Mrs B said

she hadn't wanted to take legal proceedings to recover the money as she had thought Virgin Money would assist her.

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.

Mrs B's complaint is both about how Virgin Money responded to her request to recover money after she had mistakenly sent it to an incorrect third party and the wider service she has received while trying to resolve this issue.

I can understand how upsetting and frustrating this issue has been for Mrs B and I note that Virgin Money wasn't able to recover all the money she paid by mistake. But when assessing this complaint, I have to take into account that the initial mistake wasn't made by Virgin Money and that its role following that was to act to assist in the recovery of the money but that there was no guarantee that Mrs B's money would be recovered.

Given this I have assessed the actions Virgin Money took and whether I think these were reasonable. Mrs B contacted Virgin Money on 15 September 2022 about the mistake she had made making an online payment. She visited a Virgin Money branch the following day and completed a payment recovery form. Virgin Money has said this was passed to the correct department on that day (a Friday) and the recall request was sent on the following Tuesday (20 September). The form was sent to the bank which had received the money and Virgin Money was told this would be investigated and a response given by 11 October. As no response had been received Virgin Money chased this on 12 October. The third-party bank responded on 16 October saying that it was still investigating. A further reminder was sent on 7 November and the outcome sent by the third-party bank on 11 November.

Having considered the above timeline of events, I think that Virgin Money did do what was required to try to recover Mrs B's funds. It processed the form and contacted the beneficiary bank and then chased for a response. I appreciate that the money wasn't recovered (aside for £8.61) due to there being insufficient funds in the account but the recovery process doesn't offer a guarantee.

When the money wasn't able to be recovered, Mrs B requested details of the recipient in order to pursue legal proceedings. These were provided in a timely way. While Mrs B may not have wished to undertake legal action to recover her funds, she does now have the information to do this if she wishes.

Additional to the underlying issue of how the incorrect transfer was handled, Mrs B has complained about the service she has received while trying to resolve the issue. This includes having long wait times on calls, being told incorrect information about her money being returned, not receiving updates or being kept informed of what was happening with her case and complaint.

I agree that Mrs B hasn't received the service she should have. She was kept waiting for an extended time when she first needed to explain the mistake. Given the amount of money involved I can understand that would have been very stressful. She wasn't then kept informed after completing the recovery of funds form and visited the branch to try to get updates. Mrs B says she was told her money would be refunded when this wasn't correct and was then told that the branch couldn't help her and was given a central contact number.

I appreciate these issues will have been very upsetting for Mrs B and I am very sorry to hear that she also experienced a family bereavement during this period. But, having considered

the service issues raised I think the compensation that Virgin Money offered both in its January 2023 final response (£125) and its April final response letter (£100 plus costs of postage), along with the information explaining what had happened and that feedback had been provided, is a reasonable resolution to the issues raised.

My final decision

My final decision is that I do not require Clydesdale Bank Plc trading as Virgin Money to take any further action in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 12 October 2023.

Jane Archer
Ombudsman