

The complaint

Miss C complains that Clydesdale Bank Plc, trading as Virgin Money ("Virgin"), contributed to a delay setting up her ISA which caused inconvenience, distress and a loss of interest.

What happened

Miss C held an ISA with Virgin. In December 2022, she moved her funds to an ISA with another bank (which I will call Bank A) who had a better interest rate. However, in the cooling off period, Virgin improved their interest rate and Miss C changed her mind.

Virgin subsequently set up a new ISA for Miss C on 25 January 2023 and, as Miss C's funds were with Bank A, Virgin requested the funds back.

However, the funds were delayed and not credited to Miss C's ISA with Virgin until 5 April 2023. Miss C says this delay, together with uncertainty about the location of her funds, resulted in lost interest, distress and inconvenience when chasing the matter up with both Bank A and Virgin.

Miss C complained to Virgin, but they said the delay crediting the funds was because they hadn't been received from Bank A. However, Virgin acknowledged their service should've been better and credited Miss C with £50 compensation.

Miss C complained to our service in March 2023, prior to the funds being credited, as she wanted to get the funds back and interest backdated.

Miss C's funds were later credited and, with facilitation from our investigator, Virgin offered an additional £50 compensation. Furthermore, they confirmed that backdated interest would be credited as part of their standard procedure and paid into the ISA as detailed in the product terms and conditions. They explained that this would have been applied to the account regardless of the complaint and re-confirmed the delay was caused by Bank A.

Miss C remained dissatisfied. This is because Virgin won't agree to her request for early payment of the interest, for the period 25 January to 5 April 2023. So, this case has been passed to me to consider. However, our investigator considered Virgin's offer to be fair and reasonable in the circumstances.

As Miss C remains dissatisfied this case has now been referred to me to look at.

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'm pleased to see that Virgin have taken responsibility for their mistake. They've apologised for their service and communication deficiencies, offered compensation and, regarding interest, explained that Miss C won't suffer any interest disadvantage due to the delay receiving her funds from Bank A.

I do have sympathy with Miss C's experience and understand the worry she would've felt for a number of weeks, not knowing where her funds were and whether she was losing interest. Whilst it is clear Virgin's service and communications caused both inconvenience and distress, I am mindful of evidence which shows that the delay was caused by Bank A. So, when considering Virgin's compensation offer and their assurance that Miss C will not receive any interest disadvantage, I do consider it to be fair and reasonable in the circumstances.

I note that due to a loss of confidence in Virgin, Miss C has requested that Virgin make an early payment of the interest her funds would've earned for the period 25 January and 5 April 2023.

I can fully understand this, and I have given this request careful consideration. However, this service is unable to recommend alterations to a business procedure. Also, regardless of the delay being caused by Bank A, Virgin have made a commitment to pay interest from 25 January although, because of their ISA standard procedure, it can't be an immediate payment.

Having considered all the information from both sides here, I'm of the same opinion as our investigator – that Virgin's offer of £100 is a fair and reasonable amount of redress and I won't be asking them to do anything else.

So, I'm upholding this complaint and asking Virgin to pay £100 compensation.

My final decision

My decision is that Clydesdale Bank Plc, trading as Virgin Money ("Virgin"), should pay Miss C £100 redress, including any amounts it has already paid in relation to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 13 November 2023.

Paul Douglas
Ombudsman