

The complaint

A limited company, which I'll refer to as N, complains that Clydesdale Bank Plc trading as Virgin Money ("Virgin Money") caused it to miss out on the promised incentive payment for switching its bank account from NatWest.

N is represented in bringing this complaint by one of its directors, Mr T.

What happened

NatWest invited N to apply to move its banking elsewhere as part of a scheme called the Incentivised Switching Scheme. In February 2021, N applied to switch to Virgin Money.

On 20 April 2021, Virgin Money sent N a form for completion. It was a form for a sole trader, so Mr T queried this. The next day, the bank sent N the correct switching forms.

On 1 May 2021, Virgin Money opened a new bank account for N with a zero balance.

Mr T says he tried to contact Virgin Money twice in May and again on 1 June 2021, but they weren't taking calls and no-one rang him back.

On 8 June, Virgin Money emailed Mr T again saying they still required the forms to complete the switch.

On 16 June, Mr T sent an email to Virgin Money's switching team and was advised that his application had been closed. He asked for someone to ring him and when no-one did, he made a formal complaint.

On 23 June, Mr T had a lengthy phone call with the bank, after which they also sent new switching forms. Mr T says he couldn't access these.

Virgin Money didn't uphold N's complaint, although they apologised for not calling him back.

Mr T asked for our service to look into what had happened. One of our investigators did so. He took the view that Virgin Money hadn't done anything wrong in not proceeding with the swap, but they should pay £100 compensation for their poor communication. Mr T asked for an ombudsman to look at the matter again.

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.

Having done so, I agree with the conclusion reached by our investigator, for essentially the same reasons. I know this will be a disappointment to Mr T, so I'd like to explain why.

The crux of this complaint is whether Virgin Money is to blame for the failure to complete the switch in time to get the incentive payment. I haven't been persuaded that this was due to an error on Virgin Money's part.

There's no dispute that Virgin Money initially sent Mr T the wrong forms for the switch. But once he'd brought this to their attention, they sent him the correct forms the next day, which was 21 April. So I don't think this caused any material delay.

The bank's first email began, in bold red text, "We need more information from you to input the switch". The second email, which attached the correct forms, was short and said, amongst a few other sentences "Please see the attached correct switching forms and complete and return with a recent bank statement...we await your response." I think these two emails made it clear that there was further action required from Mr T and that the bank couldn't do anything more until this occurred.

The bank has said that it then sent a follow-up text message on 2 May 2021 to the number we hold on file for Mr T. The bank hasn't been able to show us a copy of it, but its records say it said: "We're getting in touch because the RBS/NatWest Incentivised Switching Scheme is ending soon. You can contact us at...to progress your application. Your application will be closed if we don't hear from you in the next seven days. This means you'll no longer be eligible for the switching scheme." I'm unclear whether Mr T agrees he received this or not, but based on what the bank has shown me from their internal records, I'm satisfied it's more likely than not that it was sent.

The bank then says that, in the absence of the forms, it withdrew N's application on 15 May 2021. However, I can also see that it sent Mr T out a further set of forms on 8 June, presumably in response to one of his phone calls. This set was accompanied by a one line email that said "We still require the above documents to be completed and returned in order to input your switch."

Mr T's argument is that he was confused by the fact that an account was opened on 1 May with a nil balance. He was also sent cards and PINs. He believes this was an error, but I don't think it was. It's usual for accounts to be opened this way in readiness for a switch to take place, so that there's somewhere ready to receive the funds. In any case, I don't think the bank's email and text communication could have left him in any doubt that he still needed to fill in the forms.

I've listened to the entirety of Mr T's lengthy call with Virgin Money on 23 June 2021. I notice that during this call, Mr T said that he had thought he'd sent the forms back, but he acknowledged he couldn't see that he had in fact done so. So I think this shows that he accepted that he hadn't returned the forms.

This call ended with Virgin Money promising to send Mr T more forms to get the switch started again. I think this was misleading, as I think it was almost certainly already too late to complete the switch by 30 June and earn the incentive. I think this was probably because the Virgin Money employee didn't realise it was a time-critical incentivised switch.

In summary, I don't think there's any doubt that Virgin Money could have provided better service here. But I consider the bank's communications regarding the required forms were clear. And even if Mr T was unsure if the forms were required, I think he ought reasonably to have completed them just in case. I also think the call on 23 June was already too late. So I don't think the bank was to blame for N's failure to get the incentive payment.

Putting things right

I agree that Virgin Money's customer service was at times poor. They failed to return calls and sent an email on 17 June that could have been far more helpful than it was. In the call of 23 June, they also left Mr T thinking he still had time to complete the switch if he returned the forms on 25 June, which I don't believe was the case.

I consider it fair that Virgin Money should pay compensation for these failings. I agree with our investigator that £100 is the appropriate amount.

My final decision

For the reasons set out above, I am upholding N's complaint in part. I direct Clydesdale Bank Plc trading as Virgin Money to pay N £100 in compensation for its poor customer service.

Under the rules of the Financial Ombudsman Service, I'm required to ask N to accept or reject my decision before 15 December 2022.

Louise Bardell
Ombudsman