

The complaint

Mrs W complains that Clydesdale Bank Plc trading as Virgin Money (“Virgin”) delayed the transfer out of her ISA savings to a different bank. Mrs W said she lost out on a better interest rate during the delay.

What happened

Mrs W said that between late November 2022 and late April 2023, she tried repeatedly to get Virgin to release the money held in her ISA, and transfer it to a new provider. She told us she tried four different providers before she could get Virgin to action the transfer. Mrs W said this delay was Virgin’s fault. She said it continually blamed the other banks involved and would take no responsibility itself.

Mrs W told us that this additional stress came at a time when she really needed to focus on issues at home. She also felt she’d lost well over £1,000 in interest, which she wanted Virgin to reimburse her for.

At the time when Mrs W complained to Virgin, one ISA transfer had failed. Virgin said then that it thought that the new provider Mrs W wanted to move to, hadn’t correctly identified the ISA she wanted to transfer. Hers was an old Clydesdale Bank ISA, and there’s a particular option that transferring ISA providers have to choose to move those accounts. Virgin thought her new provider had just got this wrong.

By the time this complaint reached our service, Mrs W had tried again with two other providers, and failed each time. Eventually, her fourth intended provider did manage to complete the transfer.

Our investigator didn’t think Virgin had unreasonably delayed the ISA transfer process, and he thought its offer of £50 was fair.

Mrs W didn’t agree. She said Virgin had provided actively unhelpful and wrong advice on how to complete this transfer. She said she was told to tell a new provider to apply through Virgin, and then there was a drop down menu when they must choose a particular sort code for Clydesdale. She said that wasn’t true at all. Mrs W said this had caused her an enormous amount of stress, and made her think at one point that the money in her ISA was totally lost. She repeated that she’d lost out on interest, and she wanted Virgin to cover that.

Our investigator didn’t change his mind. He said Virgin had confirmed it hadn’t received any transfer request from Mrs W’s first intended new ISA provider. He thought the delays were outside of Virgin’s control.

Mrs W still didn’t agree. She wanted to stress just how unhelpful Virgin had been throughout. Mrs W wanted her complaint to be considered by an ombudsman, so it was passed to me for a final decision. And I then reached my provisional decision on this case.

My provisional decision

I issued a provisional decision on this complaint and explained why I only proposed to uphold it in part. This is what I said then:

I'd like to start by saying that I have been very sorry to hear about the family difficulties Mrs W has been facing. I won't set those out here, but I've taken them into account in reaching my decision below.

I should also note that I'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues.

When this case came to me, I asked Virgin for some additional information. Having received that, I reached a slightly different conclusion on this complaint.

As Mrs W is aware, ISA transfers are requested by the customer's chosen new provider. The new provider asks for the money from the old provider. Because there are limits on how much can be paid into an ISA in any given tax year, it's important that the transfer is done in this way, so that all the existing savings money remains within the tax-free ISA "wrapper".

There is a single electronic system which actions these ISA transfers, which most ISA providers can access directly. The transfer is requested on this system by the new provider, and there's a limited amount the old provider can do to assist with a transfer.

I know that Mrs W has repeatedly expressed concerns that Virgin wasn't taking any action when transfers failed. But if the new provider doesn't correctly identify the account to be transferred from, on the online system, the old provider will not be notified at the time that a transfer has been attempted. And if a customer complains later that a transfer out has failed, the old provider (here, Virgin) can't initiate the transfer. All it can do is offer advice, and wait for any new provider to try again.

Here, Virgin told us it had no record of any transfer request, other than the final, successful request with Mrs W's fourth choice of new ISA provider. So something went wrong with the requests made before this.

Although this electronic transfer process isn't always trouble-free, here I was concerned that Mrs W seemed to be telling us that she'd requested a transfer out be performed by four separate ISA providers, with only the fourth of these managing to successfully navigate the transfer system. So I could understand why Mrs W reached the conclusion that there must be something wrong with what Virgin was doing. (I haven't reached the same conclusion on that point, but I'll explain why not.)

Given Mrs W's concerns, I asked Virgin for some more evidence in this case. I asked Virgin to show me the actual transfer pages, which would be seen by a bank seeking to transfer Mrs W's funds. And it has sent me these. It has also sent me the call recordings that it has from its discussions with Mrs W about the ISA transfer.

Mrs W first expressed her intention to transfer her ISA out of Virgin in late November 2022. She spoke to Virgin about this briefly at the time, and then sought to arrange this transfer with the new provider.

Mrs W then rang Virgin again on 20 January. She said that, for domestic reasons, she hadn't previously checked that the ISA transfer she had requested through her new provider had gone ahead. She said that having only just logged in to that intended new provider, she was disappointed to find that the transfer hadn't happened.

I don't think it would be Virgin's fault that Mrs W was particularly busy over the festive period and beyond, and didn't check that her transfer had been successful until around two months after she'd first spoken to Virgin about a transfer. I don't think I could reasonably ask Virgin to cover any interest that Mrs W lost out on, during this period.

But there was clearly a problem, as the transfer to Mrs W's first intended new provider had failed. So Virgin promised to raise this with the ISA transfer team, and call her back.

Mrs W's next call to Virgin was four days later, on 24 January. She hadn't received the promised call back (I shall return to this below) but on this call she did get some help.

I can hear on the start of this call that the agent said he thought he might know what had gone wrong. He said there was an issue with Virgin having merged with Clydesdale, and any new provider had to select the right Virgin sort code, not just select "Virgin" and input the sort code.

At the end of the call, after he'd taken Mrs W's complaint, the agent returned to how Mrs W could ensure a future transfer request was successful. I think this was helpful, and an example of good service.

The agent repeated that unfortunately when they're actioning an ISA transfer request, many ISA providers will just click the first "Virgin" option they see. But the accounts which are now branded Virgin and were previously operated by different providers haven't been fully merged. So any new provider wanting to move Mrs W's ISA would need to select "Virgin money - sort codes start with 82" as the bank it's transferring the ISA from. Those are the old Clydesdale bank ISAs. He stressed that it's the "Virgin - 82 sort code" option that Mrs W would need to make sure the provider clicks.

Mrs W repeatedly referred to this as a second drop down menu, to select sort code 82, but I don't think that reflects the advice given on this call. Virgin said there was more than one Virgin Money showing on the ISA transfer system, and Mrs W's new provider would need to choose the Virgin Money option which had the sort code matching hers, from Clydesdale bank. Virgin didn't tell her this was a second menu, it said it was one of a number of options when choosing a provider to transfer the ISA from.

Mrs W said at the end of this call that she was going to try again with a second new ISA provider, a high street bank where she could go into a branch. We know this transfer then also failed, before a fourth attempt was successful.

I can't be sure what went wrong with the transfer attempted by Mrs W's second intended new provider, the high street bank. The ISA transfer form she sent us has the right information for her Virgin ISA, although it isn't clear if Barclays has selected the right one of what is in fact five Virgin Money branded businesses (three for cash ISAs, two for unit trusts) showing on the ISA transfer system to move her money from.

But I note that when this intended new provider wrote to Mrs W, saying that the transfer had failed, it asked her to check her details with her existing provider. I would have expected this letter to contain the sort code and account number of Mrs W's Virgin ISA, for her to check. Instead this letter contains the sort code and account number of the newly opened account held at the high street bank which Mrs W wanted to transfer to.

So when this second provider wrote to Mrs W to say her account at Virgin didn't exist, the details it set out, which it said Virgin couldn't find, were the second provider's own sort code and account number.

It is possible that the high street bank just made the same mistake as had been made by the first provider, despite Mrs W's attempts to steer this correctly. But is also possible that this high street bank has inputted the wrong information about the account to transfer from, and that's what stopped this transfer from going ahead.

Whatever the explanation is for the failure of this transfer, I haven't been able to see that this was Virgin's fault. I don't think I can fairly ask Virgin to cover any interest lost by Mrs W during this time.

I know Mrs W found it alarming to be told by this high street bank that Virgin couldn't trace this account, but given that this letter doesn't contain the account number for her Virgin ISA, I don't think I can fairly hold Virgin responsible for any concerns this caused Mrs W.

Mrs W says she asked a third bank to make the ISA transfer from Virgin for her. She has said this also failed, but from what Mrs W has told us about this, it appears that the bank concerned tried to make a change to a different ISA. Mrs W said the problem there was that this bank just didn't read her instructions at all, and moved a different sum of money for her. So this doesn't appear to be related to Virgin at all. I don't think I could hold Virgin responsible for this, or ask it to pay interest during any delay this caused.

Mrs W then made a fourth attempt, and I understand that ISA transfer was successful.

I could understand, given the difficulties Mrs W has had, if she were to approach my explanation with some scepticism. So I should also say I haven't just taken Virgin's word for this. I have listened to her calls with Virgin and I have seen the screenshots of the ISA transfer system, and those make me think this is likely to be what has happened.

Virgin sent us screenshots of the automated system, which is used by banks and building societies to make ISA transfers. The first option for a new provider to select is to pick the right business to transfer an ISA from.

Virgin's notes say that at this point, the new provider has to "*choose the right Virgin Money*". The option to be chosen is one of five Virgin branded ISAs that can be transferred (three, as Mrs W was told, for cash ISAs, and two for unit trusts).

The choice of cash ISAs to transfer from is governed by the format of the existing account number at Virgin. And I think that is made clear from the titles of these options.

We know Mrs W had an account previously operated by Clydesdale, and the sort code begins with 82. That's the Virgin Money option a new provider would have to select, to initiate a transfer of Mrs W's ISA – "*Virgin Money- Sort Codes Start with 82*". If the intended new provider didn't choose this option, then there would be no match to Mrs W's account, and the new provider would receive a short message saying the transfer failed. The old provider would, as I've said, not be notified of the intended transfer at all.

Mrs W said all of this caused her a great deal of concern, because she thought something might have happened to her ISA. I can see that Mrs W expressed concerns about this in an email in February, but it does appear that Virgin was then quickly able to dispel any such concerns. And I do also have to bear in mind that Mrs W was, I think,

given the information on 24 January which would enable her to support any new provider in the transfer of her Virgin ISA.

For the reasons I've set out above, I don't think that Virgin caused, or contributed to, the problems that Mrs W had with transferring her ISA. I'll summarise here what I think went wrong -

- the first intended new provider chose the wrong option for Virgin, so the transfer failed, and unfortunately Mrs W didn't notice this for a couple of months;
- the second intended new provider also made a mistake (although it's difficult to tell if this is the same mistake as the first provider, or if it was a mistake over Mrs W's account number and sort code, or both);
- and then a third intended new provider, made an entirely unrelated mistake, and moved some other money.

I don't think I can fairly ask Virgin to pay Mrs W the interest she missed out on during the time all of this took.

However, I do think Mrs W has received poor service from Virgin at points. She was first told, on 20 January, that she couldn't initiate an ISA transfer through the receiving bank. Fortunately, Mrs W was well aware this advice was entirely wrong, and didn't follow the advice given to go into a Virgin branch. Then Mrs W was told she'd get a call back by 23 January, and doesn't appear to have done so. Although Virgin has said that it has had some difficulty reaching Mrs W at times, due to her call screening arrangements, the evidence it sent us doesn't include a call attempt on 23 January.

Although I don't think that Virgin is responsible for the problems in transferring Mrs W's ISA, I also don't think that a payment of £50, which Virgin made for long call waiting times, is appropriate for the service failings I've seen here. I think Virgin should pay a little more in this case. So I'll ask it to pay £100 more, in addition to the £50 it has already offered. I don't think Mrs W has accepted the offer of £50, and if not, that would mean Virgin has to pay £150 now. But I'll allow Virgin to count towards my award any payment it has already made for this complaint, in case Mrs W has changed her mind more recently.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

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.

Virgin replied to say it accepted the provisional decision. It also noted that its original offer of £50 wasn't accepted, so £150 would be payable now.

Mrs W replied to say she'd read my decision and was very dissatisfied with how badly banks can treat people. She wished she hadn't spent the time putting her case together. Mrs W still thought she had a strong case, and felt I'd ignored that, contrary to all the advice given, a transferring bank had to select Clydesdale as those accounts hadn't been properly merged into Virgin. Mrs W said she only discovered this by going back to the high street bank. She felt Virgin could have told her this, and avoided all the problems.

Mrs W said it was also worrying that she was given different reasons for the failed transfer by different banks. She said she'd thought she was dealing with a person, but actually these messages were computer generated and she only found that out late in the whole process.

I'd like to start by saying that I'm very sorry indeed to hear that Mrs W's health has declined while our service has been considering this case.

This complaint was taken against Virgin. So I could only uphold Mrs W's complaint if the reason that Mrs W's money wasn't transferred, was Virgin's fault.

As I noted in my provisional decision, Virgin has shown me the computer screens a transferring bank would see, and the option which any transferring bank would need to select, to move money out of Virgin. I said in my provisional decision, that I thought that was reasonably clear. So if a mistake was made over that, it wasn't Virgin's fault.

I also had the benefit, before I reached my decision, of being able to listen to all the calls that Mrs W had with Virgin. And I do think that, after the first transfer failed, Virgin then gave Mrs W the information she needed to help another bank transfer her money away from Virgin. I understand there was some confusion about this, some other things also went wrong with Mrs W's transfers, and Mrs W received worrying messages about the failed transfers from other banks. But I just don't think those problems were Virgin's fault either.

I did note lapses in service from Virgin, when it told her to go into a branch, and when it failed to call her back. That's why I asked Virgin to pay a little more in this case. Mrs W wanted to know if Virgin was obliged to pay that, and I can confirm that if Mrs W accepts the decision I make below, then Virgin is obliged to make the payment set out there.

I'm sorry that Mrs W has been disappointed here, but I haven't changed my mind. I'll now make the decision I originally proposed.

My final decision

My final decision is that Clydesdale Bank Plc trading as Virgin Money must pay Mrs W a total of £150 in compensation. Clydesdale Bank Plc trading as Virgin Money may count towards my award any payment it has already made to Mrs W for this complaint.

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

Esther Absalom-Gough

Ombudsman