

The complaint

Mrs K's complaint is about a failed transfer from her existing Individual Savings Account ('ISA') with Clydesdale Bank Plc trading as Virgin Money ('Virgin Money') to a new 18 month fixed rate ISA with a £50 cashback incentive, she opened and requested online with a new provider. The new provider says it requested the funds from Virgin Money but it rejected the request because the account was not found. Virgin Money says it never received a transfer request. Mrs K is seeking compensation for the loss of interest and inconvenience caused.

What happened

The following is a summary of the background to the complaint.

On 24 March 2021, Mrs K applied online for an 18 month fixed rate ISA with a new provider. As part of her application, she requested a transfer in full of her existing ISA with Virgin Money. Mrs K received an acknowledgement letter of the ISA application from the new provider and that the transfer would complete within 15 days.

On 25 March 2021, the new provider sent an electronic transfer request via the usual system. The transfer was duly rejected by the recipient because the account was not found.

On 26 March 2021, Mrs K's new ISA provider sent her a text message to tell her about the failed transfer. Mrs K didn't receive this message because it was sent to an old mobile number.

Around October 2022, Mrs K contacted her new ISA provider because she was expecting but hadn't received any maturity information. It was at this point that Mrs K was told the ISA transfer had not taken place and her new provider didn't have the funds. Mrs K raised her complaint with her new ISA provider and following its final response letter, which said that the recipient had rejected the transfer request as 'account not found,' she also complained to Virgin Money.

Virgin Money issued its final response to Mrs K's complaint in March 2023. It said that it could find no evidence to suggest that it had received a transfer request to reject. But it said that if Mrs K could provide it with the information she had requested from the new provider, it would be willing to re-investigate things.

Dissatisfied with its response, Mrs K referred her complaint to us. She said each business is blaming the other for the failure of the transfer. She said she is seeking loss of interest of approximately £968, the loss of the £50.00 cash back incentive, and compensation for the inconvenience caused.

One of our Investigators considered the matter and they didn't uphold the complaint because they didn't think Virgin Money had done anything wrong. They said this was because the transfer request was sent to Clydesdale Bank as Mrs K had instructed and not Virgin Money, which is where Mrs K's ISA was held. They said because the transfer request was sent to the wrong provider, it was automatically rejected. They said Clydesdale Bank and Virgin Money accounts operate on different platforms. They said, Virgin Money had therefore done

nothing wrong because it didn't play a part in the transfer rejection.

Mrs K disagreed. Some of Mrs K's disagreement is relevant to her concurrent separate complaint about her new ISA provider. In relation to this complaint, Mrs K's key point is that Clydesdale Bank is the legal entity and Virgin Money is a trading name of Clydesdale Bank Plc. She said it is therefore unfair to seek to conflate the position by suggesting that Virgin Money is her ISA provider. Mrs K said that she should not be penalised. She said the situation had only arisen because of irregular internal governance and processes by the concerned institutions. She said it is not reasonable for her to have known that Virgin Money accounts and Clydesdale bank accounts operated on two different platforms.

The Investigator wasn't persuaded to change their opinion and they repeated their findings. They added that there wasn't a digital record of the transfer rejection because it was automatically rejected.

Because things couldn't be resolved informally, the complaint was referred for a final decision.

Mrs K provided a substantive response for my consideration. Again, some of what she said is relevant to her other complaint. But in summary, Mrs K repeated the point that the sole legal entity with whom her ISA was held was Clydesdale Bank Plc (trading as Virgin Money). She said it is therefore wrong in law and incorrect of the Investigator to treat Virgin Money as a separate legal entity from Clydesdale. She said her funds were held with and by Clydesdale Bank Plc, so it was wrong of the Investigator to say that Virgin Money made no error and played no part in the transfer's rejection. Mrs K also expressed concern that there was no digital log of the rejection. And she said Clydesdale should have ensured that it had the appropriate internal systems in place to identify accounts held with Clydesdale Bank Plc trading as Virgin Money – the ultimate responsibility rests with Clydesdale.

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've taken into account relevant law and regulations, regulator's rules, guidance and standards and codes of practice, and what I consider to have been good industry practice at the time. And where the evidence is incomplete, inconclusive or contradictory, I reach my conclusions on the balance of probabilities – that is, what I think is more likely than not to have happened based on the available evidence and the wider surrounding circumstances.

Having done so, while I know Mrs K will be disappointed, I've decided to not uphold the complaint for largely same reasons given by the Investigator. I'll explain why.

As the Investigator explained to Mrs K, her new ISA provider sent the transfer request to Clydesdale Bank because this is the provider Mrs K selected on her application. But Mrs K's ISA was a Virgin Money branded account. Virgin Money was the provider. It is not disputed that Clydesdale Bank Plc is the sole legal entity – it is the group or parent company as registered with the Financial Conduct Authority ('FCA'). Virgin Money, and Clydesdale Bank for that matter, were trading names of Clydesdale Bank Plc at the time. But as trading names they are different providers, albeit they operate under the one banking license of Clydesdale Bank Plc.

Each provider has its own unique service or user number within the electronic transfer system providers use to ensure transfer requests are sent to the correct party. In the same way providers have different sort codes to identify the account with the relevant provider, So,

Virgin Money and Clydesdale Bank each had their own unique numbers – they operate on separate platforms as the Investigator referred to. Mrs K's ISA account number was unique to Virgin Money. So, when Mrs K's new ISA provider used the details Mrs K provided to request the transfer from Clydesdale Bank, the system couldn't marry up her account number with the provider name and the request was automatically rejected as 'account not found.' And because the ISA transfer system is electronic, there is no human involvement or intervention mechanism. This means things cannot be manually cross referenced or checked once submitted. So, just because Clydesdale Bank was also part of the same group company, doesn't make a difference here.

Ultimately, Virgin Money as Mrs K's existing ISA provider did not receive the transfer request from her new ISA provider. This is why there is no digital record of it. And because it didn't receive the request, I don't consider Virgin Money has done nothing wrong here.

So, I don't uphold this complaint.

My final decision

I've decided to not uphold this complaint – so I make no award in Mrs K's favour.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 2 May 2024.

Paul Featherstone

Ombudsman