

Virgin Money boss David Duffy rules out bid for TSB

Virgin Money today ruled itself out of bidding for TSB, the somewhat troubled rival that has had bids from Co-op Bank and reportedly Nationwide Building Society fail.

TSB, still dealing with the fall out from a computer collapse in 2018 that saw 1.9 million customers locked out of their accounts, has a strong parent in Spain's Sabadell, but is still thought vulnerable to a bid.

A £1 billion offer from Co-op Bank was rejected last year. At the weekend reports said Nationwide had also come close to a bid.

Asked if Virgin was interested, CEO David Duffy replied: "We don't want to do any large transactions. The future is actually not about scaling up, it is about digital. Bulging up is not the way to grow, in a post Covid digital world. It is about building customers through technology, not about buying someone else current accounts."

Growth at VM is steady. Unsecured lending in the last quarter was up 3% to £5.6 billion, while mortgage lending slipped slightly to £57.8 billion.

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Duffy said he is “optimistic about the pace of recovery of the UK economy based on growing consumer and business confidence, underpinned by lower unemployment”.

The net interest margin, a measure of profitability, rose from 1.7% to 1.77%.

Virgin is promoting what it calls a new model for work, “A Life More Virgin” which offers full remote-working flexibility.

“We will treat each other as grown-ups,” he said. “The majority of our employment policies we have just cancelled. When we have to have policies we will make them progressive. Our message to staff is, we value your output not your presenteeism.”

Virgin Money shares are up 40% in the last year. Today they were steady at 190p.