

## **The complaint**

Mr and Mrs G are unhappy Clydesdale Bank Plc trading as Virgin Money (“Virgin Money”) delayed their mortgage application.

## **What happened**

Mr and Mrs G applied for a £331,500 mortgage with Virgin Money through a broker on 20 April 2021. The property they were purchasing cost £500,000, and the remainder of the funds was coming from an equity release on their existing mortgage with a third-party lender. Mr and Mrs G say their mortgage adviser provided information to confirm this on 10 May 2021. And Mr and Mrs G sent further information to support this on 25 May 2021.

A mortgage offer was produced on 10 June 2021. But, on 25 June 2021, Mr and Mrs G say their solicitor provided information to Virgin Money which made reference to a gift from a relative to assist them in paying stamp duty and doing some home improvements. Despite Virgin Money already having evidence of how the purchase was being funded, they say it asked for further forms to be completed and insisted on issuing a new offer to include this information.

The revised offer was issued on 1 July 2021, so Mr and Mrs G missed their deadline of 30 June 2021. Mr and Mrs G say Virgin Money caused them financial losses because they had to pay £27,500 in stamp duty instead of £14,000. They also had to pay an additional £500 to their solicitors to have the new offer reviewed. And, they say the delay caused them significant stress and inconvenience, particularly as it prevented their daughter starting a new school when planned.

Mr and Mrs G are also unhappy with how long it took Virgin Money to investigate their complaint.

Virgin Money looked into Mr and Mrs G’s concerns and issued a final response letter on 28 March 2022. Virgin Money said it hadn’t been informed of the gift previously. And once it became aware, it followed its processes by requesting more information and issued a new offer when that was received.

Virgin Money did agree that it hadn’t always met its own Service Level Agreement (“SLA”) in relation to turnaround times for documentation assessment. It confirmed it should review any documents within three to five working days, but there were two occasions when it took longer, causing a total delay of eight working days. Santander offered Mr and Mrs G £150 to apologise for this.

As Mr and Mrs G remained unhappy, they referred their complaint to this service. Our investigator looked into what happened, but they didn’t think Virgin Money needed to do anything more to resolve the complaint. Mr and Mrs G disagreed, so the complaint was passed to me to decide.

## 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 don't think Mr and Mrs G's complaint should be upheld, and I'll explain why.

A loan offer was issued on 10 June 2021 which would have allowed Mr and Mrs G to complete on the property purchase before the changes to stamp duty came into place on 1 July 2021.

On 25 June 2021 Mr and Mrs G's solicitor sent some further information to Virgin Money. I've seen a copy of a 'Gifted Deposit' form which said that Mr and Mrs G were going to receive £45,000 *towards the purchase of the property* from a relative. There was also a letter dated 24 June 2021 that explained a copy of the gift document from the borrower was attached. Virgin Money received this on 26 June 2021.

While Mr and Mrs G say that's not what the funds were to be used for, it was their solicitor that said it was to be used for the purchase. The form doesn't specify the gift was to be used for stamp duty or home improvements as Mr and Mrs G have since said. So, I don't think it was unreasonable for Virgin Money to rely on this information. And Virgin Money has explained this was considered a significant change which meant it had to issue a new offer. This was done by 1 July 2021, so I think it was turned around fairly quickly.

Mr and Mrs G don't think it was necessary for Virgin Money to reissue the offer. But it's not for me to decide what Virgin Money puts in its loan conditions. Virgin Money had reason to believe Mr and Mrs G were being gifted funds towards the property purchase, and it felt that needed to be reflected in the special conditions of the mortgage offer. I can see this was added to the new offer it issued on 1 July 2022. So, I don't think Virgin Money is responsible for the additional £500 Mr and Mrs G had to pay their solicitor for the new offer to be reviewed. If Mr and Mrs G disagree that the gift was for a different purpose, they would need to take that up with their solicitor.

Mr and Mrs G have provided an email from their broker confirming she had evidence of source of funds on file, but that Virgin Money never requested this. She said, if it had, she could have provided it. But Virgin Money was never made aware of the gift as Mr and Mrs G's broker hadn't made any reference to it, only the solicitor did when it sent the relevant documents on 25 June 2021. If the broker had referenced it prior to this, Virgin Money could have asked for more information about the gift sooner than it did – which would more likely than not have prevented the need to reissue the loan offer.

Virgin Money has accepted it didn't always meet its own SLA – it took longer to review some documents than it should have. But both of these events took place before Mr and Mrs G's solicitor sent in further information about the gift and so I don't think these small delays had any real impact on the event Mr and Mrs G are complaining about. Virgin Money couldn't have anticipated the new information it received, and the delay was primarily caused by that. Virgin Money has offered Mr and Mrs G £150 compensation to acknowledge the earlier delays and I don't think it needs to do anything more in the circumstances.

I understand Mr and Mrs G are also unhappy with how their complaint was handled, specifically how long it took to get an initial response, and then how long it took to get a response to their follow-up letter. But complaints about complaint handling do not fall under our remit. The Financial Conduct Authority sets out what complaints we can and can't consider in its Dispute Resolution Handbook. Under Disp 2.3, it explains that this service can only look into complaints about financial services provided by the business. This does not include how it handles complaints.

Considering everything, while I empathise with Mr and Mrs G I don't think Virgin Money is responsible for them having to pay higher stamp duty, an additional £500 fee, or for any impact on their daughter moving school. The information it received clearly suggested the gift was to be used towards the purchase of the property and Virgin Money felt this had to be reflected on the offer. Virgin Money was not given notice of the gift prior to its original offer, so it couldn't have resolved the matter any sooner than it did. And I think Virgin Money's offer of £150 compensation for the other delays is fair in the circumstances. If Mr and Mrs G want to accept this now, they can return the attached form.

### **My final decision**

For the reasons explained above, I do not uphold Mr and Mrs G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs G to accept or reject my decision before 2 May 2023.

Hanna Johnson  
**Ombudsman**