

The complaint

Mr B and Miss D complain that Clydesdale Bank Plc trading as Virgin Money has treated them unfairly when they applied to transfer the product rate on their mortgage.

What happened

Mr B and Miss D have a mortgage with Virgin Money and this is made up of two parts. Part one of the mortgage was on a fixed rate that expired on 31 October 2022 and part two was on a fixed rate which expired on 31 December 2022.

On 9 August 2022 Miss D called Virgin Money to discuss her options as the mortgage rates on both parts were coming to an end in the near future. Miss D explained she wanted to move both mortgages on to the same rate and product, so they would expire at the same time. To do this Miss D needed to have an appointment booked with one of Virgin Money's mortgage advisers. In this call the adviser she spoke with said the booked appointment would last about 90 minutes and a full application would be completed at this point.

Miss D completed a telephone appointment with Virgin Money on 5 September 2022 and was told at this stage she would not be able to fix a rate. The purpose of the appointment was to provide a decision in principle (DIP) which would help to confirm if Virgin Money was able to provide the mortgage as requested. If a DIP was provided, a second appointment would need to be booked and it was this appointment where any advice about the mortgage would be provided. Miss D was concerned about rates increasing and whether she would be able to secure a new rate before the fixed rate on part one of the mortgage expired on 31 October.

Miss D raised her concerns about being given incorrect information about the nature of the appointment on 5 September and the fact that she would have to wait until the final appointment for advice and to secure a rate. She asked for this to be raised as a complaint and was told this would be escalated as per her response.

On 4 October 2022 a fact find was completed for Mr B and Miss D and a recommendation was made and a new mortgage with both part one and two combined was set up. This has an expiry date of the 31 December 2027.

Virgin Money didn't acknowledge the complaint when it was first raised and sent a final response on 5 December 2022. In this it apologised for the delay in a mortgage appointment being available due to a lack of appointments. It recognised the frustration this will have caused with rising mortgage rates and that its adviser in the initial call didn't make it clear the appointment on 5 September 2022 wouldn't be the point at which a rate might be secured. It also said sorry for failing to log the complaint properly when this was first raised. In recognition of the errors, it paid Mr B and Miss D £100.

Our investigator looked at this complaint and didn't think Virgin Money had done enough. He didn't think it was fair to say it had treated Mr B and Miss D unfairly when they needed to wait for appointments to complete their mortgage. This was because the same process was applied to them as all other customers, so they'd been treated fairly here. But he did think

Virgin Money had failed to make it clear what the process was and what to expect at each point. He felt Mr B and Miss D had a loss of expectation and it was fair for Virgin Money to pay an additional £250 to reflect the impact of this.

He didn't comment on the complaint handling as he said this is not a regulated activity and the award was based on the lack of clarity on the appointment process.

Virgin Money accepted the recommendation. Mr B and Miss D did not.

They've said that they lost the opportunity to shop around and consider other rates with other providers. As a result they don't feel the compensation for the loss of expectation is fair as it doesn't represent what they feel they've lost out on when not being able to secure a lower rate with another provider.

Because Mr B and Miss D disagreed, the complaint has been passed to me for decision.

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 agree with the outcome reached by our investigator on this complaint for much the same reasons. I appreciate Mr B and Miss D will be disappointed by this as the outcome doesn't go as far as they'd like it to, but I'll explain why I think it is right to uphold this complaint in part.

It isn't disputed that Virgin Money and its adviser was not as clear as they could have been on the process when they explained what would happen with 5 September 2022 appointment with Miss D. It is the impact of this lack of clarity and whether a total award of £350 in recognition of this is fair.

Mr B and Miss D feel when they were not given clear information about the process, they lost out on the opportunity to approach other lenders and potentially secure another rate. I appreciate what has been said here but having considered everything, I don't think it can be guaranteed this would have happened. I say this because of the time Mr B and Miss D had to apply for a new mortgage with another lender and because it is not guaranteed that an application would be successful elsewhere.

The first call Miss D had with Virgin Money was on 9 August 2022 and Miss D spoke about rising interest rates and being concerned about these changing. During this call Miss D was aware no rate could be secured until at least her next appointment with Virgin Money and this was not until 5 September, so almost a month after her first enquiry. I appreciate she believed at this point a rate could be fixed but it still left a considerable amount of time between the time of the call and next appointment.

Mr B and Miss D were also going to be on holiday from 7 September until 24 September and this meant they needed to have something in place before they left and if not, a new rate would need to have been taken at a later date. So Mr B and Miss D had the ability to search the market between the date of their August and September appointment, but I've not been provided with anything to demonstrate this was done to any degree.

It is also important to remember that Virgin Money was not alone in experiencing high demand for its mortgage services at this point. And whether Mr B and Miss D could have secured a new rate within just over four weeks with a new lender is not guaranteed.

With the above in mind, I'm not persuaded that Mr B and Miss D would have definitely been able to secure a new offer with a new lender sooner than they did with Virgin Money. So while I appreciate the frustration at the process they needed to go through with it and that they were not informed of this sooner, I cannot determine that there is a financial loss as a result of this.

Virgin Money treated Mr B and Miss D in line with all of its customers when it required them to have an initial mortgage appointment to confirm the DIP before the final appointment where advice and a rate could be provided. It follows that I don't think it has treated them unfairly when doing this.

But with Mr B and Miss D feeling as though they have lost out because of the time it took for the application process to be completed, it is clear they have been distressed. They have explained how this has added to their worries when the current financial climate is as difficult as it is. I think it is fair that this is recognised with the award for distress and inconvenience.

I agree with our investigator that a further £250 for this, together with the £100 paid previously is a fair level of compensation for this and in line with this Services view on awards for distress and inconvenience.

I understand there has also been concerns raised about the way Virgin Money handled the complaint when it was raised and the time it took to respond to it. But as our investigator has said, complaint handling is not a regulated activity so this is not something I can consider.

Putting things right

For the reasons I've explained above, Virgin Money should pay Mr B and Miss D a further £250 to recognise the distress and inconvenience caused when it failed to set out the timeframe for the mortgage application from the start.

My final decision

For the reasons I've explained above, I uphold this complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Miss D to accept or reject my decision before 2 November 2023.

Thomas Brissenden
Ombudsman