

The complaint

Ms H complains that Clydesdale Bank Plc trading as Virgin Money failed to process her application for a Recovery Loan and failed to properly support her as a disabled customer.

What happened

Ms H applied for a government-backed Recovery Loan with Virgin Money for her sole trader business. She made the bank aware of her disabilities which meant she needed additional time to complete the application. So Virgin Money agreed to extend the deadline so she could apply by post rather than online.

Virgin Money received the application on 30 May 2022. They required additional information from Ms H about her business, so they wrote to her on 7 June asking for some documentation to be provided to support her application.

Ms H said she sent the supporting documentation to Virgin Money on 13 June with the help of a diversity and inclusion specialist.

As Ms H hadn't heard back from Virgin Money, she contacted them by phone in July. They told her they hadn't received the supporting documents they had requested so her loan application was not processed. In addition, they said the Recovery Loan Scheme had closed by that stage, so there was nothing further they could do.

Ms H complained to Virgin Money who reiterated that the application hadn't been progressed as the additional documents they requested hadn't been received. They also noted that it was unlikely they would have progressed with the application in any case due to the account turnover and affordability.

Nonetheless, Virgin Money said they could've communicated the outcome to Ms H in a clearer way and they paid her £100 for the distress and inconvenience they caused her.

Ms H remained unhappy, so she brought her complaint to our service. One of our investigators looked into the matter. Following her investigation, she thought:

- Virgin Money had made reasonable adjustments during the application process
- The supporting documents had never reached the bank, although she didn't doubt that they had been sent on behalf of Ms H
- It was unlikely that the application would've been successful even if the bank had received the supporting documents on time
- Virgin Money were not responsible for any losses incurred by Ms H and her business
- £100 compensation was a fair way to resolve the complaint and recognise when the bank's customer service could've been better

Our investigator also noted that the Recovery Loan Scheme has reopened so Ms H could make a new application, but it would be subject to the same affordability and eligibility criteria as before.

Ms H didn't agree with our investigator's view, and she asked for an ombudsman to reconsider the matter. So, the case has been 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'm very sorry to have to disappoint Ms H further but there is very little I can add to what our investigator has already said.

The loan application

Whilst I don't doubt that the application was posted on Ms H's behalf, there is no evidence that Virgin Money ever received the supporting information they requested. And even if they had, there was no guarantee the loan would've been approved.

Although I can't know for certain what the outcome of the application would've been, having reviewed the criteria for a Recovery Loan, I think it is fair to say that is unlikely Ms H would've qualified for one of these loans.

Ms H told us she intended to apply for a loan of £2,500, however this Scheme had a minimum loan amount of £25,001. Although concerns about recent business performance affected by the pandemic could be overlooked, the Scheme rules stated that the borrower must have a viable business proposition. Having reviewed Ms H's accounts for 2019/20 and taken into account information she has shared with us about her business, I'm not convinced a Recovery Loan would be suitable for Ms H and I've not seen enough evidence of a viable business proposition in the information she's provided to us.

This is relevant as Ms H has asked us to consider the losses she and her business have suffered as a result of not receiving the Recovery Loan from Virgin Money. However, as I've not found that Virgin Money ever received the supporting documentation, nor have I been persuaded that this information would've led to a successful application, it wouldn't be fair or reasonable for me to find Virgin Money responsible for any of the losses Ms H told us she incurred.

The Recovery Loan Scheme has now reopened so Ms H has another opportunity to apply for one of these loans should she wish to do so, however the criteria remains the same so despite completing the application process, there is no guarantee a loan would be approved.

Customer Service

Virgin Money recognised there had been some failings in the way they interacted with Ms H, particularly during the phone calls with her in July 2022. As an apology, they made a payment of £100 to her to apologise for any stress and inconvenience they had caused her.

I can see that Virgin Money agreed to extend the response time in recognition of Ms H's additional needs. They allowed extra time for the application to be submitted and agreed to accept it by post rather than online. I also note that in their final response letter in February, Virgin Money tried to learn more about how Ms H's disabilities affect her management of her day-to-day banking, as they wanted to see if there was anything they could do to assist her

with her banking needs.

So overall, I think it is evident that Virgin Money recognised their failings and wanted to assist Ms H. The £100 they paid to her is in line with what I would've awarded had no compensation been paid by Virgin Money. As such, I won't be asking them to do anything further.

I know my decision will come as a disappointment to Ms H and I'm truly sorry to hear about the impact this situation has had her. However, I can't say that Virgin Money were responsible for her not receiving the loan and it would be unfair of me to ask them to do anything further in the circumstances of this complaint.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 8 May 2024.

Tara Richardson
Ombudsman