

## **The complaint**

Mr and Mrs C complain that they applied for a new interest rate on their Buy To Let (“BTL”) mortgage with Clydesdale Bank Plc trading as Virgin Money, but it wasn’t applied when their old rate ended. They wanted Virgin to backdate the rate they later secured.

## **What happened**

Whilst this complaint is brought by both Mr and Mrs C, as the mortgage is in both their names, our dealings have been with Mr C. So I’ll mainly refer to him in this decision.

Mr C told us that his existing mortgage product for his BTL property was ending on 1 July 2023. So on 19 June he logged in to the Clydesdale Bank Virgin Money website, and chose a different mortgage product, to start on 1 July 2023. Mr C told us he printed off the documents he received. But then at the start of July he realised that his mortgage hadn’t gone onto the new rate he had chosen, instead it went onto the Standard Variable Rate (“SVR”) which was higher.

Mr C said he emailed Virgin on 2 July, but got no reply. So he rang on 5 July. Mr C said Virgin couldn’t even find details of his application. Mr C sent these to Virgin. Virgin said it didn’t know what had gone wrong, it would look into this. Virgin also said that Mr C would always have needed to speak to an advisor to change the mortgage on his BTL property. So it booked an appointment for him.

Mr C said when the appointment time came, no one rang him. He rang Virgin, and rebooked for later in the day. Mr C said no one called then either, so he rang again, and did then manage to speak to an advisor. Mr C said that he secured a new rate for August 2023, but Virgin wouldn’t allow his new product to take effect from 1 July, as he’d originally intended, despite its mistakes. Mr C said this had cost him extra money, and he had wasted a lot of time dealing with the product transfer.

Virgin said Mr C had two mortgages. The one he wanted to change was for a BTL property, and was held with it. But he also had a residential mortgage, which was held with Clydesdale Bank.

Virgin said whilst the two brands are now under the same ownership, they aren’t fully merged. So if Mr C wanted to change his BTL mortgage, held with Virgin, he would need to speak to Virgin. But Mr C had applied for a new BTL mortgage with Clydesdale instead.

Virgin said that it had spoken to the staff who deal with Clydesdale branded mortgages, and they could see the application he had made. Clydesdale had written to Mr C, telling him that this application wasn’t going ahead. That was because he had a residential mortgage with it, but he’d then asked Clydesdale for a BTL mortgage deal, and Clydesdale wouldn’t change the mortgage Mr C held with it from residential to BTL, without speaking to Mr C.

So, although no one identified what had gone wrong until Mr C spoke to Virgin, Clydesdale hadn't told Mr C it would give him a new mortgage deal. And Virgin hadn't received any application from Mr C to change his mortgage.

Virgin said the status of Mr C's mortgage meant he couldn't change it online anyway. It had a mortgage appointment with Mr C, and his application then completed. The new rate and payments were effective from 1 August 2023.

Virgin didn't think that what had gone wrong here was its fault. So it said it wouldn't backdate Mr C's new mortgage deal to 1 July.

Our investigator didn't think this complaint should be upheld. He said Clydesdale's system had allowed Mr C to generate a mortgage illustration because he's also a customer of Clydesdale, although for a different mortgage. But Clydesdale had then told Mr C that mortgage wasn't going ahead. There was no offer of lending.

Our investigator said Virgin had explained its mortgages still aren't fully merged with the Clydesdale brand, so Mr C did need to apply to Virgin. That's not something our service could change. Our investigator didn't think Virgin was responsible for this application having been submitted to Clydesdale instead. He said there was no offer of any product to take effect on 1 July.

Mr C didn't agree. He said he didn't get any email telling him the application he had made before 1 July was cancelled. He thought Clydesdale had just invented this later, because no one mentioned this when he spoke to Virgin in July. He thought Clydesdale ought to have written to him, or sent the email securely, and he said that it hadn't done that. He thought Clydesdale was responsible for contacting him. And he didn't think he'd given Clydesdale his email address. And he said Clydesdale should have known from the start that the application he was making was wrong.

Because no agreement was reached, this case was then passed to me for a final 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've reached the same overall conclusion on this complaint as our investigator.

We know that Mr C wanted to change his BTL mortgage, which is a Virgin Money branded mortgage. But he applied to Clydesdale Bank, and the two brands aren't yet fully integrated. So the change he wanted didn't happen.

When Mr C made his (unfortunately, mistaken) application to Clydesdale, he provided it with an email address. So I do think Clydesdale had an email address to contact Mr C. And I think it was reasonable for Clydesdale to use this email address to contact Mr C.

Mr C says he doesn't think this email was really sent to him. He thinks Clydesdale just fabricated this email later. That's a serious accusation, and I haven't seen anything to make me think that.

Rather, I think that the staff dealing with Virgin mortgages didn't immediately identify what had gone wrong when Mr C spoke to them, because, as they have explained, the brands aren't fully integrated. So Virgin mortgage staff were looking for an application for a Virgin

branded mortgage. They couldn't find any such application, because we know that's not what Mr C applied for. It took Virgin some time to locate the mistaken application with Clydesdale.

I know Mr C says he thought that Virgin and Clydesdale were one and the same now. And he said he thought he had applied through Virgin anyway. I do understand Mr C's confusion here. But I also have to bear in mind that this case isn't just about an email that Mr C says he didn't get, telling him his application wasn't going ahead.

I think it's also important to remember that Mr C didn't get any offer of a new mortgage before 1 July. Neither Virgin nor Clydesdale ever told him that his product swap was going ahead then. And Mr C didn't query this, until after the start of July. So I would find it difficult to say that Virgin ought to backdate the deal it offered later, to this date.

I've also got to bear in mind what did then eventually happen. Mr C paid the SVR on his BTL mortgage for one month. He then made his product switch application with Virgin. And when Mr C did that, instead of the rate of 5.68% that Clydesdale showed him, Mr C secured a lower rate, of 5.51%. It looks to me as if Mr C is a bit more than £25 per month better off because of that, each month.

Given all of the above, but in particular

- because I haven't been able to see that the confusion here was Virgin's fault,
- because Mr C hadn't received a mortgage offer before 1 July or queried the lack of offer before then, and
- because the rate Mr C eventually secured was better than the rate he'd discussed with Clydesdale earlier,

I don't think that Virgin has to backdate the offer it did make to Mr C, to 1 July 2023, or to pay him compensation for the issues set out above.

I know Mr C said he then had difficulties with the mortgage appointments he tried to make with Virgin. But I cannot see that Mr C has asked Virgin to look into this complaint. Our service has to allow businesses a chance to remedy things themselves, before we step in, so I'll ask Mr C to raise that with Virgin in the first instance. I won't look at that here.

I know that Mr C, in particular, will be disappointed, but I don't think that the complaint I am able to look into here, should be upheld.

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### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 29 May 2024.

Esther Absalom-Gough  
**Ombudsman**