

The complaint

The estate of Mr S is unhappy with how Clydesdale Bank Plc trading as Virgin Money (VM) handled matters after it had been informed of Mr S's passing.

What happened

Mr S held a mortgage with VM. Mr S's son notified VM of Mr S's passing and says he was told in branch that no more interest would be applied to the mortgage.

The estate of Mr S then noticed that VM was still sending Mr S correspondence about the mortgage, to say that payments had been missed, the mortgage was behind and setting out possible consequences of this if not put right. In March 2024, VM wrote to the estate of Mr S setting out that there was a daily interest charge being made to the account.

The estate of Mr S complained to VM about its actions. This included concerns about the balance having increased due to interest having been added. The estate of Mr S said that when it had been notified of this, none of Mr S's bills could be paid as his accounts had been frozen by VM after it had been notified of Mr S's passing.

VM upheld the complaint in relation to the service it had provided and for giving incorrect information about the accrual of interest on the account. It apologised for what had happened and said it would be providing feedback to the areas concerned.

The estate of Mr S referred the concerns to the Financial Ombudsman Service. An Investigator here issued an assessment on the complaint. In summary, they said that it was clear VM shouldn't have sent correspondence addressed to Mr S after it had been notified of his passing. They said though that they were unable to award compensation for any distress caused to Mr S's son as representative of the estate.

They also said that although VM had provided incorrect information about interest applying to the outstanding balance, it was entitled to charge such interest until the mortgage was redeemed. The estate of Mr S asked for the matter to be escalated and it has been passed to me to make a 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.

Having done so, I've reached the same overall outcome as the Investigator for fundamentally the same reasons.

Before I explain why, I want to set out the purpose of my role. It isn't to address every single point that's been made to date. Instead, it's to decide what's fair and reasonable given the circumstances of this complaint. And for that reason, I'm only going to refer to what I think are the most salient points when I set out my conclusions and my reasons for reaching them. But, having considered all of the submissions from both sides in full, I will continue to keep in

mind all of the points that have been made, insofar as they relate to this complaint.

VM continuing to send correspondence about the mortgage addressed to Mr S

It is clear that after VM had been notified of Mr S's passing, it shouldn't have continued to send the correspondence that it did about the mortgage, addressed to Mr S. I accept this is likely to have caused unnecessary upset and worry to Mr S's son when reading this correspondence, at an already difficult time.

However, as the Investigator explained, the eligible complainant in this case is the estate of Mr S, for which Mr S's son is the representative. As such, I am unable to make any compensation award for any distress and upset caused directly to Mr S's son.

Interest continuing to accrue after VM had been notified of Mr S's passing

I understand that the estate of Mr S doesn't think VM should have charged interest on the mortgage after Mr S's passing. I will come on in a moment to the significance of the incorrect information the estate of Mr S was given in branch when notifying VM of Mr S's passing.

But first, VM was entitled to continue to charge interest on the outstanding balance. It is not unusual for lenders to do this. So whilst I appreciate the estate of Mr S's perspective on this, I cannot say that VM continuing to charge interest on the outstanding balance represents an error or otherwise means that the estate of Mr S has been treated unfairly.

With that said, VM has accepted that the estate of Mr S was given incorrect information in branch when VM told the estate of Mr S that further interest wouldn't be applied to the balance. The approach in situations like these is to consider what impact the incorrect information had. And this requires considering what should've happened and what, if anything, would have been different in that case.

Here, that would mean the estate of Mr S being told that interest *would* continue to accrue on the outstanding balance, until it was repaid. I've thought about whether this means there has been any financial loss. I'm not persuaded that there has.

The estate of Mr S has said that when it was notified interest was being charged, none of Mr S's bills could be paid, because his assets were frozen, pending the required court process. Although the estate of Mr S has also said it wasn't given any options re making payments, ultimately the mortgage was a liability of the estate that needed to be settled by the estate.

And based on what the estate of Mr S has said, even if the correct information had been given in branch – that interest would accrue on the outstanding balance until repaid – I've not seen any persuasive evidence to show that it would have been possible for the estate to clear the balance before it was actually informed that interest was accruing.

That being the case, I cannot conclude that the incorrect information given in branch caused a financial loss.

In conclusion, whilst I acknowledge that VM did make some errors, I don't require it to do anything further than it already has.

My final decision

My final decision is that Clydesdale Bank Plc trading as Virgin Money doesn't need to do anything further in this case.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr S to accept or reject my decision before 23 December 2024.

Ben Brewer
Ombudsman