

The complaint

Miss A complains about the way Clydesdale Bank Plc trading as Virgin Money handled her request for support with her mortgage.

What happened

Miss A has a mortgage with Virgin Money that she was in the process of re-mortgaging towards the end of 2023.

Miss A called Virgin Money on 7 December to query the redemption statement she'd received. She also asked if there was anything that Virgin Money could do whilst she was sorting out her new mortgage as it was taking longer to complete than expected. Virgin Money put collections activity on hold for three weeks whilst Miss A was sorting out her new mortgage. Miss A said she would still pay her monthly payment for December, but she was unsure about January.

On 13 December Miss A called Virgin Money and asked about support available under the Mortgage Charter. The mortgage department was closed so the call handler said she would arrange a call back.

On 15 December Miss A called again as she hadn't received a call back. She was told she could apply for support under the Mortgage Charter online. Miss A applied the same day.

On 20 December Miss A called again to chase her Mortgage Charter application but the call dropped before she could speak to the relevant team. Miss A spoke to Virgin Money again on 28 December, and it told her that it couldn't put the switch to interest only in place whilst there were arrears on the account. Miss A complained. She paid December's monthly payment on 4 January. Her application to temporarily switch the mortgage payments to interest only was approved as the arrears had been cleared, and reduced Miss A's mortgage payments from February 2024 for six months.

Virgin Money upheld Miss A's complaint in part. It said the first contact it received from Miss A about the mortgage charter support was on 15 December, and as her payment for that month had been due on 1 December, it would not have been able to put the changes in place for December's payment. It said Miss A was sent a link to apply for the Mortgage Charter after that call and told she would receive a call back. But as Miss A's mortgage was in arrears at that point the support under the Mortgage Charter was no longer available, and it accepted Miss A was not told that on the phone.

Virgin Money said arrears had been reported for December 2023, which was accurate as a payment had not been received that month. But it did offer to pay Miss A £100 to apologise for the service she received from the call handlers.

Our Investigator upheld Miss A's complaint. She said that Virgin Money ought to have provided more support and clearer information in December when it became aware of Miss A's circumstances. She explained that had it done so, Miss A would likely have been able to clear the arrears earlier, and apply for the Mortgage Charter switch in time for it take

effect in January 2024. She said Virgin Money should remove the arrears it had reported on Miss A's credit file and increase the compensation payment to £300 for the distress and inconvenience caused.

Virgin Money agreed to put things right for Miss A in the way the Investigator recommended, but Miss A disagreed the compensation amount was fair. She said this matter had caused significant distress and inconvenience and severely impacted her mental health. She also said that the arrears on her credit file had impacted her ability to re-mortgage to another lender on a preferential interest rate.

The Investigator wasn't persuaded to change her opinion, so the complaint 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.

Virgin Money has agreed to amend the way it's reported Miss A's mortgage account to credit reference agencies for the month of December 2023 to reflect that the monthly payment was made. It's also agreed to pay Miss A £300. So what remains for me to decide is whether that is sufficient to put things right based on Miss A's particular circumstances.

I've listened to the conversations Miss A was having with Virgin Money during the relevant time, and I'm satisfied it's clear that she was distressed about the situation, and it was having an impact on her. There's also no doubt that Miss A was inconvenienced by not receiving call backs as promised and having to chase her application. But whilst I appreciate it will come as a disappointment to Miss A, I agree with the Investigator that £300 is a fair amount of compensation to reflect that distress and inconvenience.

One of the reasons Miss A feels this amount should be higher, is because she says she missed out on being able to re-mortgage to another lender on a lower interest rate whilst the arrears were showing on her credit file. I appreciate what Miss A has said about this, but she hasn't provided any evidence to show that was the case.

She has sent us a copy of a mortgage offer issued in November 2023 which she says never completed because the lender carried out a final check and declined the application after the arrears had been reported. But in the calls Miss A had with Virgin Money in December, she told them that her financial adviser had made an error in applying for the wrong borrowing amount and so the mortgage she had planned to take could no longer complete. That's why she was asking for additional support. So on balance I'm not persuaded the reason that mortgage didn't complete was because of anything Virgin Money did. Miss A hasn't provided any information about applications she's made since January 2024 that have failed because of her credit score.

When deciding fair compensation, I also have to take into account what Miss A has done to mitigate her losses. In all the calls she had with Virgin Money, the advisers made her aware that if her monthly payment wasn't made within the month, it would likely impact her credit file. When this was initially discussed Miss A reassured Virgin Money that she would be making December's payment, but she would need support from January. Whilst Miss A had applied for support under the Mortgage Charter and had not received confirmation of whether that had been accepted, she knew she hadn't made a payment for the month of December. Even if her application had been accepted, she still would have needed to make a payment that month. She was also made explicitly aware on 28 December that her application hadn't progressed because of the arrears on the account, and still no payment

was made. I appreciate Miss A was stretched at the time and had a lot going on in her personal life, but Miss A's credit file was important to her, especially as she was in the process of trying to re-mortgage. I think she had the opportunity to mitigate the impact of having arrears reported on her credit file before the arrears were actually reported, and she didn't do so.

As a result, I'm satisfied that the offer Virgin Money has now made to put things right is fair and reasonable in all the circumstances of this complaint.

My final decision

For the reasons I've explained, I uphold this complaint in part and instruct Clydesdale Bank Plc trading as Virgin Money to do the following:

- Remove the arrears it reported to Miss A's credit file for the month of December 2023.
- Pay Miss A a total of £300 for the distress and inconvenience it caused (it can deduct the £100 it originally offered if that amount has already been paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 21 February 2025.

Kathryn Billings
Ombudsman