

The complaint

Mr D is unhappy with the service he received from Clydesdale Bank Plc, trading as Virgin Money, surrounding his application for a new loan.

What happened

In December 2024, Mr D applied for a personal loan with Virgin. Mr D believed that his application would be assessed by Virgin within a few hours. However, a series of delays and issues meant that Mr D's loan wasn't approved and correctly set up until mid-January 2025. Mr D wasn't happy about this, and he also wasn't happy about the standard of service he'd received from Virgin surrounding the loan application. So, he raised a complaint.

Virgin responded to Mr D and apologised for what had happened. They explained that a system error had meant that they'd had to key in a new application for Mr D which had resulted in Mr D being offered a higher interest rate than should have been the case. And Virgin also confirmed that they had arranged for a manual adjustment to the interest rate on Mr D's loan to reduce it to the correct rate.

Virgin also acknowledged that Mr D had to chase them regularly for updates during the application process, which shouldn't have been the case, and they offered to pay £200 as compensation for any trouble or upset Mr D may have incurred resultant from their poor service. Mr D wasn't satisfied with Virgin's response and felt that a larger award of compensation should be merited. So, he referred his complaint to this service.

One of our investigators looked at this complaint. But they felt that Virgin's response to it, including the apology, corrective action, and offer of £200 compensation, already represented a fair outcome to it. Mr D disagreed, so the matter was escalated to an ombudsman 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.

Virgin don't dispute that they made mistakes that caused Mr D's loan application process to extend over a period of approximately three weeks, rather than over a few hours as they aim for. And Virgin also accept that they provided poor service to Mr D during the application process, including that they didn't proactively communicate with Mr D such that Mr D had to continually chase them for updates.

When a business makes a mistake, this service would generally expect that business to take the corrective action necessary to restore their affected customer to the position they should be in, had the mistake never occurred.

In this instance, the position that Mr D should have been in was that his loan should have been approved and set up with the correct interest rate. And while Mr D's loan was set up later than should have been the case, his loan is now in place, and following Virgin's manual

adjustment, it is now set up with the correct interest rate. Accordingly, I'm satisfied that Virgin have taken the requisite corrective action in regard to the set up of Mr D's loan.

Additionally, while Virgin's system issue meant that Virgin had to key a second loan application for Mr D, resulting in a second credit check being undertaken by them and reported to Mr D's credit file, Virgin have also confirmed that they have removed that second credit check from Mr D's credit file. And again, I'm satisfied that Virgin have taken the required corrective action in this regard.

In addition to corrective action, if a business has made a mistake that has had an adverse impact on a customer, then this service would also generally expect that business to offer fair compensation to that customer for any frustration or inconvenience that they've incurred.

In this instance, Virgin have offered £200 to Mr D, which Mr D doesn't feel is fairly reflective of the trouble and upset that he's incurred. Because of this, I've considered the impact of what's happened here on Mr D, alongside the general framework that this service uses when assessing compensation amounts, details of which are available on this service's website.

Having done so, while I appreciate that Mr D will disagree, I feel that the £200 compensation offered by Virgin is a fair amount, and so I won't be instructing Virgin to pay anything further to this amount as Mr D would like.

I'd like to reassure Mr D that in arriving at my decision I've taken into consideration the numerous calls that he had to make to Virgin during the roughly three-week period under consideration, as well as his frustration at not being able to consolidate his finances before the end of 2024 as he had wanted to. I've also considered the anxiousness that Mr D may have felt at his application not being resolved in a timely manner, and the mistakes that Virgin made regarding his income assessment that led to the initial delay that was then exacerbated by Virgin's system error.

Having done so, I accept that Mr D was upset and inconvenienced by everything that took place here. But I can confirm that Virgin's offer of £200 compensation is commensurate with what I might have instructed Virgin to have paid Mr D, had they not already offered to do so.

All of which means that while I will be upholding this complaint in Mr D's favour, I'll be doing so only to instruct Virgin to pay the £200 to Mr D that they've already offered to pay. And I won't be issuing any further or alternative instructions to Virgin beyond this.

I realise this won't be the outcome that Mr D was wanting. But I hope that he understands, given what I've explained, why I've made the final decision that I have.

Putting things right

Virgin must pay £200 to Mr D.

My final decision

My final decision is that I uphold this complaint against Clydesdale Bank Plc, trading as Virgin Money, on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 27 May 2025.

Paul Cooper

Ombudsman