

The complaint

Mr and Mrs R complain that Clydesdale Bank Plc trading as Virgin Money (Virgin) didn't make them aware of a mortgage product that could've significantly reduced their monthly mortgage payments.

What happened

In March 2023, Mr and Mrs R spoke with their private banking manager (PBM) regarding their mortgage fixed rate coming to an end. They say they were involved in a long drawn out process to sell their property, so didn't want to take a rate with an early repayment charge (ERC). Mr and Mrs R say they were told that Virgin didn't offer any products without an ERC. Mr and Mrs C say they were told they could apply for a fixed rate at this time but could cancel any time prior to the new fixed rate taking effect. They applied online for a new two-year fixed rate.

On 24 April 2023, Mr R called to cancel the new fixed rate as he'd been given a completion date for the sale of their property of August 2023. Mr and Mrs R accepted that they'd have to pay the standard variable rate (SVR) for four months, which was significantly higher than they had been paying. During this call, Mr R enquired about other options but was told the SVR was the only variable rate Virgin had.

Mr and Mrs R say they contacted the PBM in August when it became apparent that they wouldn't be completing on the sale of their property in August and say at this time they expressed concern about being able to afford the increased payments. They say they were told again there were no other options. Mr and Mrs R say they were contacted on at least two occasions by their PBM due to not having sufficient funds in their account to cover the mortgage payments. But no other options were put forward.

The sale of Mr and Mrs R's property completed in June 2024 and the mortgage was redeemed.

Mr and Mrs R's PBM has since retired, and they say they were contacted by a new PBM who advised them that a mortgage product with no ERC had been available. They complained about this to Virgin saying they should've been made aware of this sooner.

Virgin didn't uphold the complaint. It said at the time Mr R called to cancel the fixed rate, there wasn't a product available without an ERC so the information he was given was correct. Virgin said it didn't know what was discussed with their previous PBM as she'd since retired, so it was unable to agree to any refund of interest. Mr and Mrs R remained unhappy with this and referred the complaint to our Service.

One of our Investigators looked into the complaint, but didn't think it should be upheld. Mr and Mrs R didn't accept this. They said their PBM had been well aware of their situation and should've made them aware of the ERC free product when it became available in July 2023. Our Investigator didn't change her opinion, so Mr and Mrs R asked for their complaint to be considered by an Ombudsman. So it was passed to me to review and make a decision.

I issued a provisional decision on 28 May 2025. I explained that I had reached a different decision from our Investigator and intended to uphold the complaint. I said the following:

Unfortunately, there are no contact notes of the discussions between Mr and Mrs R and their previous PBM. Virgin said in its response to Mr and Mrs R's complaint that as it didn't know what was discussed with the previous PBM, it couldn't agree to uphold the complaint. When evidence is lacking or incomplete, I have to make my decision on the balance of probabilities. That is, what I think most likely to have happened given the evidence I do have.

There's no dispute that Mr and Mrs R were expecting to complete the sale of their property in August 2023. I've listened to the call they had when they cancelled the application for the fixed rate on 24 April 2023. In this call, they told the call handler that they would be completing on their sale in August 2023. At this time, Mr R asked whether there were any other variable rates available to them. The call handler replied to say that the only variable rate available was the SVR.

Whilst this wasn't incorrect from what I've seen, I think the call handler could've gone further and explained that this was the only variable rate available at the time and it may be worth them checking again at a later time. That said, this alone wouldn't be enough for me to uphold the complaint. So, I've gone on to consider what Mr and Mrs R have said about their interactions and discussions with the previous PBM.

Mr and Mrs R have provided consistent detailed testimony regarding their discussions with their previous PBM. They say she was fully aware of their situation with regards to selling their property and, they say she was aware they were at times struggling to make ends meet. Mr and Mrs R have also told us they asked their PBM in August about any other options for them, but were again told their only option was the SVR. With a lack of contact notes or testimony from the previous PBM, and Mr and Mrs R's testimony being the only evidence we have, on balance of probabilities, I'm willing to accept this was likely the case.

Mr and Mrs R also said they were contacted on numerous occasions by their PBM about not having enough money in their account to cover the monthly payments. Again, I've nothing to dispute this. I've also noted that an email Virgin has provided from Mr R to the PBM dated 16 July 2023 has Mr R referring to the "massive amount" they now pay. Based on this, I think Virgin's PBM should've been aware Mr and Mrs R may've been struggling with their repayments and been proactive with any forbearance she may've been able to offer.

On 13 July 2023, Virgin had released a variable discounted rate which didn't have an ERC. And, I see no reason why, if made aware of this, Mr and Mrs R wouldn't have chosen to take this rate to reduce their monthly repayments. And I think the PBM should've alerted Mr and Mrs R to the availability of this product.

Virgin has pointed out that the PBM wasn't authorised to give mortgage advice. However, she was able to provide information about mortgage products. As Mr and Mrs R had previously asked about variable rates, there's evidence to support they were finding the higher payments difficult to meet, and that the PBM was aware of that, I think she should've made them aware of this new product. I've noted that Mr and Mrs R only became aware of the availability of this product once it was discussed with them by their new PBM, so I can't see why the previous PBM couldn't have made them aware of this.

I appreciate that Mr and Mrs R were expecting to complete in August 2023, so making them aware of the product in July may not have necessarily meant they would've taken it. However, once it became clear that completion was going to be delayed again, I think, had they known about the option of the ERC free discounted rate, they would've likely opted to take it.

In summary, Mr and Mrs R had a PBM whose services they were presumably paying Virgin for. They've told us she was aware of their situation and regularly in contact. And I've seen nothing to suggest this wasn't the case. Based on this, I think an opportunity was missed to make them aware once an ERC free product was available to them. And, I think, had they been made aware of this product, they most likely would've chosen it as it would've meant significant savings on a monthly basis until the property was eventually sold.

To put matters right, I'm currently minded to tell Virgin to rework the account as if the discounted rate available in August 2023 had been applied to Mr and Mrs R's account from 1 August 2023 until the mortgage was redeemed. Any payments they've made in excess of what they would've paid had they been on this rate should be refunded with 8% simple interest added from the date they made each payment to the date Virgin refunds it. If there was a fee for taking this product, Virgin can deduct this from the overall compensation.

I also think this matter has caused Mr and Mrs R distress and inconvenience. Their payments increased from around £2,000 to over £4,000. And they were at times clearly struggling to meet the payments but weren't offered support or other options by Virgin. And they've had to find ways to continually make these higher payments. Based on this, I currently think Virgin should also pay £400 compensation for this.

I asked both parties to respond with any further submissions or comments before 11 June 2025.

Mr and Mrs R said they accepted the decision. Virgin confirmed receipt of the decision, but made no further comments.

The complaint is now back with me to review again and make 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.

This findings within my provisional decision, set out above, should be taken as part of this final decision.

Mr and Mrs R have accepted my decision with no further comments. Virgin hasn't responded other than to acknowledge receipt of the provisional decision. Having thought carefully about everything again, I see no reason to depart from the findings I reached in my provisional decision.

So, I'm going to uphold this complaint and tell Virgin to put matters right as set out in my provisional decision.

Putting things right

I uphold this complaint and direct Clydesdale Bank Plc trading as Virgin Money to:

- Rework Mr and Mrs R's mortgage account as if the discounted rate available in August 2023 had been applied to their account from 1 August 2023 until the mortgage was redeemed.
- Any payments Mr and Mrs R have made in excess of what they would've paid had they been on the discounted rate should be refunded with 8% simple interest added from the date they made each payment to the date Virgin refunds it. If Virgin considers that it's required by HM Revenue & Customs (HMRC) to deduct tax from

the interest refund, it should tell Mr and Mrs R how much it has taken off. It should also give Mr and Mrs R a tax deduction certificate if they ask for one, so they can reclaim the tax from HMRC if appropriate.

- If there was a fee for taking this product, Virgin can deduct this from the overall compensation.
- Virgin should also pay £400 compensation for the distress and inconvenience this matter has caused.

My final decision

I uphold this complaint and direct Clydesdale Bank Plc trading as Virgin Money to put matters right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs R to accept or reject my decision before 17 July 2025.

Rob Deadman
Ombudsman