

The complaint

Mr W complains about the way Clydesdale Bank Plc trading as Virgin Money took possession of his mortgaged property.

What happened

In 2015 Mr W took a mortgage with Virgin Money in joint names with another account holder – who is not a party to this complaint.

In 2019 the mortgage account fell into arrears and Virgin Money started legal action.

On 19 October 2021 a court hearing took place whereby the judge granted Virgin Money possession of the property on or after 14 December 2021.

The possession order was enforced in March 2022, and an eviction date was set for 14 June 2022.

On 10 June 2022 Mr W submitted a defence to the court. He asked that the warrant for possession be stayed, and eviction delayed for two months. Mr W's application was dismissed.

On 30 June 2022 the joint account holders obtained a consent order from the court. The consent order was an agreement between Mr W and the joint account holder setting out their intended dealings with the property and the order set out each parties equitable share in the property following the proposed private sale at a price of £795,000, provided that the sale was completed reasonably quickly and within four months.

The property was repossessed by Virgin Money in April 2023 and eventually sold in December 2023 for £720,000. After repaying the mortgage balance at redemption and after deducting any associated fees and charges, a surplus amount of £138,555.63 remained.

Over the years Mr W has made several complaints to Virgin Money. In July 2024 he raised this current complaint. Mr W has given many reasons why he's unhappy with the service he received from Virgin Money during the repossession process. I've summarised his main complaint issues as follows:

1. Virgin Money took possession despite a private sale being approved through a consent order. Virgin Money said that repossession would not proceed provided Mr W kept it updated on the sale – which he did. Mr W feels Virgin Money's actions were therefore premature, disproportionate and unnecessary.

Virgin Money failed to take into account Mr W's vulnerability. Repossession wasn't treated as a last resort and other forbearance options weren't considered as an alternative, including Mr W's eligibility for mortgage support.

2. The property was sold at undervalue. The property was privately marketed at £900,000, had an agreed private sale at £795,000, and was independently valued in November 2021 by three estate agents between £875,000 and £950,000. Despite

this, Virgin Money sold the property for just £720,000 in a forced sale — without providing a best price certificate or justification.

Mr W purchased the property in May 2015 for £765,000 and carried out significant work to improve it. Virgin sold it for £45,000 less than he paid for it eight years earlier, in a rising market. The current average property value on the street is now over £1,000,000, further highlighting the scale of undervaluation and the avoidable financial loss.

3. The surplus of approximately £139,000 from the sale remains undistributed almost two years later.

Mr W has in detail described the financial and emotional impact he says he's suffered as a result of Virgin Money's actions. As a resolution Mr W says he's seeking the maximum compensation award to reflect the financial losses, emotional harm, and regulatory failings he feels he's suffered in this case.

Virgin Money answered the complaint on 7 November 2024, it didn't uphold Mr W's complaint, but it did pay him £200 compensation to acknowledge the delay in answering his concerns.

Unhappy, Mr W came to our Service. An investigator looked into things and thought Virgin Money had acted fairly. He didn't recommend that it needed to do more to settle this complaint. In summary the investigator said:

- Virgin Money has considered Mr W's vulnerability and has offered reasonable forbearance to avoid enforcing possession, as a last resort. Possession was paused and an eviction cancelled to allow time for the private sale to be completed. Because the sale took too long, it wasn't unreasonable for Virgin Money to proceed with possession when it did.
- He's seen no evidence that suggests Virgin Money sold the property at undervalue. It's a lender's obligation to obtain the best price reasonably achievable within a reasonable timeframe which the investigator thought Virgin Money had done in this case.
- The surplus proceeds from the sale remain outstanding as a result of outstanding documentation and identification documents required – not yet provided by Mr W.
- The compensation awarded for the poor complaints handling is fair.

Mr W didn't agree, in summary he said:

- He disagreed that repossession was treated as a last resort. Virgin Money breached the Mortgage Conduct of Business (MCOB) rule 13.3 by proceeding with repossession while an active sale was underway as confirmed by a signed memorandum of sale and a sealed consent order between both co-owners – which is a legal court order which orders both owners to sell the property to the buyer.
- Virgin Money did not 'voluntarily cancel' an earlier eviction. It was advised to do so by its solicitor due to procedural unfairness.
- He doesn't agree that Virgin Money offered reasonable forbearance in light of his vulnerabilities. Interest only payments were rejected and requests for Support for Mortgage Interest (SMI) were ignored. Virgin Money took no steps to involve its

vulnerability team, and it refused to mediate or enforce a legally binding consent order instructing both parties to cooperate with the sale.

- He still doesn't agree that the property sold for a fair price.
- He doesn't agree that he is responsible for the delayed distribution of the surplus funds. The required identification documents have been provided but not processed accordingly by Virgin Money. Virgin Money knew Mr W had no fixed abode but kept writing to him at an old address despite his requests for email correspondence. Virgin Money has said that the delay was due to an unsigned distribution/surplus of funds letter which to this day he says he's not received.
- The investigator has overlooked material evidence, and he hasn't commented on Virgin Money's bias and enabling of a co-owner acting in bad faith.

Our investigator considered Mr W's comments but explained why his opinion remained unchanged. Mr W remained unhappy and asked for his case to be decided by an ombudsman.

Mr W has since received a completion statement showing that a 35% share of the surplus funds has been paid to the joint account holder – without what he considers to be authority from him or the court. The remainder of the funds was paid to a second charge holder for loans secured in Mr W's name – meaning no remaining surplus funds were repaid to Mr W. Mr W is unhappy about this.

Because the distribution of funds that Mr W is now complaining about occurred after Virgin Money's last final response letter on 7 November 2024, this constitutes a new complaint. Mr W asked that we put things on hold whilst he queries the distribution of funds.

Our investigator explained that in line with the rules that we operate under, as set out by the Financial Conduct Authority, before our Service can take on a complaint, the business must be given a chance to look into things first. Virgin Money hasn't yet completed its investigation into Mr W's new complaint issue. Before we can look into things he'll need to raise a new complaint with Virgin Money and contact us about that complaint if he remains unhappy with the response he gets.

Our Service has a duty to resolve complaints quickly and informally. We understand that in some instances, customers' complaints develop over time and new events occur, but it's not appropriate to delay the outcome of the original complaint here.

I issued a provisional decision in response to Mr W's complaint on 20 November in which I said:

"What I've provisionally 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 given careful consideration to all the submissions made by both parties, but I won't address each and every point that has been raised. I'll focus on the matters that I consider most relevant to how I've reached a fair outcome – in keeping with the informal nature of our Service.

When considering what is fair and reasonable in all the circumstances of this case, I'm required by DISP 3.6.4R of the FCA Handbook to take into account the relevant law,

regulations, regulators' rules guidance and standards, codes of practice, and (where appropriate) what I consider to have been good industry practice at the relevant time.

Having done all that, I don't think this complaint should be upheld. I realise this will be disappointing for Mr W. But I hope the reasons I have set out below will help him to understand why I have come to this conclusion.

Although I've read and considered the whole file, I'll keep my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've not considered it but because I don't think I need to comment on it in order to reach a fair outcome.

The complaint about the repossession action

The matter of the arrears on the mortgage account and the outstanding debt has been subject to court proceedings. The court made a decision here – it granted Virgin Money a possession order in October 2021.

Mr W complains that Virgin Money has treated him unfairly. He says that the legal action taken by Virgin Money is unfair on several grounds – mainly that repossession was taken prematurely without considering other forbearance options in light of Mr W's vulnerabilities. And also, that Virgin Money breached the MCOB rules by taking possession despite there being a private sale agreed through a consent order.

On 10 June 2022 Mr W applied to the court to defend the possession claim. His defence largely consisted of the points he's made in his complaint to our Service. Part of Mr W's defence included a submission that he was, at the time, experiencing severe mental health and depression, and Virgin Money was wrongfully proceeding with an eviction despite an ongoing private sale happening.

The court heard Mr W's defence, and it made a decision here – Mr W's application was dismissed. So, the substance of the complaint that Mr W has made to our Service has already been decided by the court.

Because a court has heard Mr W's complaint about the fairness of the repossession action, the most appropriate body to consider any appeal about that decision is the court itself. I can't interfere with the decision reached by the court – if this is something Mr W wants to challenge further, he will need to do so through the court as we have no power to change what the court has already ordered. I therefore won't be commenting on this part of Mr W's complaint in my decision.

That said, I can see that Virgin Money waited almost a year before taking possession. I don't think that was unreasonable given what Mr W told it about the private sale in place. It appears Virgin Money allowed more time for a private sale to happen before enforcing possession. Mr W told Virgin Money he had a buyer in place since February 2021, but by April 2023 the purchase still hadn't gone through, so Virgin Money took possession. As I've said I can't comment further on Virgin Money not waiting longer before taking possession – it was granted permission from the court, so it was legally able to enforce possession on or after 14 December 2021. As I've explained I can't interfere with the court's decision on this matter.

Mr W says that by taking possession, Virgin Money acted against the consent order agreed through the court in late June 2022. This is not the case, I'll explain why. A consent order is a legally binding court order that is made with the agreement of all the parties involved. The consent order was an agreement between Mr W and the joint account holder setting out their intended dealings with the property and their equitable shares held. Virgin Money was not a

party to the consent order. The consent order only affects the responsibility between Mr W and the joint account holder – Virgin Money was not bound by it in any way. So, I don't agree that there was anything in the consent order that meant Virgin Money was bound to agree a private sale over the possession order it was already granted by the court in October 2021.

For similar reasons our Service is not able to interfere with any form of private dispute between Mr W and the joint account holder. Nor can I comment on any interactions that Virgin Money had with the joint account holder, as they're not a party to the complaint.

The complaint about the property being sold at undervalue

Virgin Money obtained two independent valuations of the property. An estate agent valued the property at £850,000 and recommended an asking price of £850,000. A surveyor valued the property at £875,000 and recommended an asking price of £900,000.

The property was placed on the market on 19 May 2023 for £850,000. The asset manager gave its reasoning for not going with the higher of the two valuations. It was concerned that marketing at this level would drive out the best results.

By 5 July 2023 there were 16 viewings, and an offer was made for £820,250 but the buyer withdrew. The property price was then reduced to £825,000.

Another offer was made for £801,150 but on 1 August 2023 that buyer also withdrew. On 22 August 2023 the property price was further reduced to £799,999.

When selling a property in possession, Virgin Money is required to get independent valuations and use them as a guide when marketing the property. That's what it did here – it relied on the opinions of qualified professionals. I don't think Virgin Money acted unfairly here. In the first three months, two offers were made, both below asking price – but the buyers didn't proceed. So, the property price was reduced. I don't think Virgin Money acted unreasonably here by reducing the property price in the way that it did to attract more interest and obtain a sale as soon as reasonably possible.

In early October 2023 an offer was made by a cash buyer for £720,000. Virgin Money was advised by the asset manager to accept the offer. By this point the property had been on the market for almost five months. There had been 51 viewings and nine offers between five applicants ranging from £660,000 to £820,250. None of the applicants who made higher offers were proceedable. The asset manager advised that the market had slowed down and that was evidenced by other similar properties both three and four bedrooms in the same post code within 1/4 mile, where price reductions had recently been implemented after remaining unsold for several months. With the advice from the asset manager, Virgin Money accepted the cash offer on the condition that the purchase completes in a timely way, which it did. The buyer exchanged contracts on 17 November 2023 and completed the purchase on 1 December 2023.

On 31 October 2023 Virgin Money was informed of a higher offer of £730,000 but that buyer still needed to sell their property to complete the purchase. Another offer was made on 8 November 2023. It's unclear how much that offer was for, but the purchase was reliant on the applicant obtaining two mortgages to complete which they hadn't yet obtained.

Given that Virgin Money was so close to exchange and completion, I don't think it acted unreasonably by not entertaining these offers. At least one of the offers was only £10,000 more than the last and neither of the applicants were proceedable to the point that Virgin Money could reasonably justify superseding the current offer.

During possession a lender should get the best price it can. But it shouldn't hold out too long for an unrealistically high price while interest on the debt mounts up. That isn't always an easy balance to strike, but I don't think Virgin Money acted unfairly in this case. Having considered the marketing history I don't agree that Virgin Money sold the property for less than it was reasonably worth, nor do I think it held onto it for longer than it should to try to achieve that price. Virgin Money had marketed the property for around five months and had obtained an offer from a cash buyer that seemed to be the best it was going to obtain for a timely sale.

Having considered everything, for all the reasons given I don't uphold this part of Mr W's complaint.

The complaint about the delay in distributing the proceeds of the surplus funds

Mr W's property sold on 1 December 2023. When Mr W brought his complaint to our Service in March 2025, he was unhappy that the distribution of the surplus funds remained outstanding. The distribution of the surplus funds was subsequently settled on 6 June 2025. I've looked at what happened during this period.

On 20 March 2024 Virgin Money emailed Mr W with a copy of the surplus letter including details of the balance following the deduction of costs. Virgin Money said it couldn't contact Mr W sooner because it didn't have his current address details. It confirmed that it had passed Mr W's email address to its acting solicitor who'd be in touch regarding the distribution of any surplus funds when the time comes.

The letter said:

"We are pleased to confirm that the sale of the property has now gone through, and that the sale price was higher than the mortgage balance and costs of sale. As a result, [our acting solicitor] is presently holding a surplus of £138,555.63, which you may be entitled to.

Before they can make any payments, they must check that there is no other person who has a prior claim to all, or part, of the surplus. There are many reasons why that may be the case, for example, you may have granted other secured loans over the property or have been made bankrupt.

[The acting solicitor] will try to complete their checks and distribute the surplus within 90 days of the sale."

It took 18 months for the distribution of funds to be completed. The completion statement sent to Mr W showed the following:

<i>"Sale Price</i>	<i>£720,000.00</i>
--------------------	--------------------

ADD:

<i>Contribution towards charge holder fees</i>	<i>£1,500</i>
<i>Interest</i>	<i>£5,110.40</i>
<i>Engrossment fee</i>	<i>£90.00</i>

£726,700.40

LESS:

<i>Our Cost</i>	£1,100
<i>Mortgage redemption</i>	£580,892.37
<i>35% to [joint account holder]</i>	£48,494.47
<i>[solicitor] acting for 2nd charge holder</i>	£96,213.56
	 £726,700.40

<i>Balance due to you on completion</i>	£0.00"
---	--------

Virgin Money has explained that Mr W had a second charge in his sole name with a balance that exceeded his equitable share of the surplus funds. So, this meant that after paying the joint account holder's share and repaying the amount owed as a second charge, there was no equity left for Mr W.

Mr W challenges the distribution of the surplus funds and how this was apportioned amongst the interested parties. For reasons I've explained that's not something I can consider as part of this complaint. The only aspect I can consider here are the delays and the length of time it took to achieve the distribution. Having done so I do agree that it took longer than necessary to complete the distribution of funds.

From Virgin Money's contact notes, I can see that until at least December 2024, its solicitor was saying that before it could distribute the funds to the second charge holder it needed Mr W to provide identification and sign the final distribution statement.

Mr W says he provided his identification to Virgin Money and to date he's not received any documents that required signing – so he is not responsible for the hold up. That's plausible – I say that because in February 2024 Virgin Money's solicitor changed its position. It said that because none of the surplus funds were being paid directly to Mr W – nothing was needed from him during the process. It said it would liaise directly with the second charge holder about the distribution of funds.

So, in my opinion, the solicitor acting on behalf of Virgin Money delayed things here unnecessarily. It appears there was nothing preventing it from contacting the second charge holder sooner. It said it was waiting for information from Mr W before it could progress things, that it later said it didn't need.

On 25 February 2025 Virgin Money's solicitor sent the distribution statement to the second charge holder for signing. The funds were released on 6 June 2025. It appears this took some time as the parties were agreeing the interest payable to the second charge holder.

Whilst I do feel that Virgin Money took too long to complete the distribution of funds, I don't think Mr W has suffered a financial loss as a result and so I don't think Virgin Money needs to do anything to put things right. I'll explain why.

As it stands Mr W was not entitled to receive a share of the surplus funds so I can't say that the delay in the process has led to a deprivation of funds for any reason – that he should be compensated for. The completion statement also shows that £5,110.40 was added to the account balance and paid to the second charge holder to cover the interest due up until the payment date. So, it appears Mr W's liability on the second charge debt hasn't been impacted here.

So, it follows that I make no award for any financial loss and because I don't think Mr W has been impacted as a result of the delay, I also make no award for compensation.

Virgin Money has paid Mr W £200 compensation for the poor handling of his complaint. As a general rule, we can only consider complaints about activities regulated by the FCA. Complaint handling is not, in and of itself, a regulated activity. But when considering everything I think Virgin Money has done enough to fairly settle this complaint, and I won't be asking it to do more.

My provisional decision

My provisional decision is that I don't uphold Mr W's complaint against Clydesdale Bank Plc trading as Virgin Money."

Virgin Money responded to say that it had nothing further to add in response to the provisional decision.

Mr W had a few questions in response to the provisional decision which our investigator answered. As a result, Mr W asked for more time to provide any further submissions. Several extensions to the original deadline were given and a final deadline of 18 December 2025 was agreed. Mr W hasn't responded within the deadline to say that he has anything further to add, therefore I'll now proceed to issue my 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 note that neither party has made any new arguments, or provided any new evidence, that I've not already considered when reaching my provisional decision. So, I see no reason to depart from what I provisionally decided.

My final decision

My final decision is that I don't uphold Mr W's complaint against Clydesdale Bank Plc trading as Virgin Money.

**Arazu Eid
Ombudsman**