

## The complaint

Ms H complains that her mortgage with Clydesdale Bank Plc trading as Virgin Money was mis-sold and that it has not been administered fairly.

## What happened

In 2005, Ms H accepted Yorkshire Bank's advice to take a "flexible repay" mortgage with a limit of £125,000 over a term of ten years. Yorkshire Bank now trades as Virgin Money and I will refer to it as that throughout my decision.

In 2007, Ms H increased the limit on the mortgage to £160,000 over a term of nine years. The mortgage offer said Virgin Money had not recommended the mortgage to Ms H and it was her choice whether to accept the offer.

The term of the mortgage ended in September 2016, but Ms H did not repay it.

Ms H complains that Virgin Money has not treated her fairly:

- The mortgage was mis-sold because it has not operated as she expected.
- The mortgage balance is wrong.
- She has not been treated fairly or offered appropriate forbearance since the term ended.
- She does not understand what a flexible repay mortgage is.
- The interest applied is unfair.
- Virgin Money charged interest after not doing so for several years.
- Virgin Money has unfairly recorded that she has an authorised overdraft on her credit file.

I issued a jurisdiction decision setting out that parts of the complaint had been brought outside our time limits. I said we could not look at the sale of mortgage. We can look at the mortgage balance and interest rate from 20 May 2019. We can look at the information recorded on Ms H's credit file and whether she has been treated fairly and offered appropriate forbearance since when the term ended from 12 July 2019. We can also consider the complaints that Virgin Money started charging interest after not doing so for a number of years and that it has not explained how the mortgage operated – although I note that would not be in respect of how the mortgage was sold as I've explained that complaint was made too late.

The investigator did not think the parts of the complaint we could look at should be upheld, Ms H did not accept what the investigator said. She responded to make a number of points, including:

- Since June 2025 Virgin Money had said the overdraft was authorised with a limit of £160,000 and no term. She understood the account was open and available for use.
- The statements she'd received for over six years said that it was an unauthorised overdraft that does not incur interest.
- When she tries to contact Virgin Money it does not respond.
- Virgin Money has had very little contact with her for years.
- The balance changes but Virgin Money can't show why that was or how the mortgage was calculated.
- She had answered or returned every phone call from Virgin Money only to be put on hold for hours or to be told the issue was with its complaints department or us, so there was nothing it could do to help.
- She had a letter that showed Virgin Money added interest in June 2019.

### **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.

While the time limits prevent me making findings on what was fair and reasonable in the circumstances, that does not prevent me from referring to information given to Ms H outside the time limits where that is relevant. For example, while I am not considering the sale of this mortgage, the information given to Ms H at the time of the sale is likely to be relevant to this complaint – indeed the mortgage offer forms part of the contract between Ms H and Virgin Money. I may refer to the offer in my findings, but that does not mean that I am making any finding on the sale of the mortgage.

#### Mortgage balance

I am only considering the mortgage balance from 20 May 2019. Looking at the evidence we have and taking into account what Ms H has told us, I don't consider there is anything that supports that Virgin Money has not calculated the balance fairly and reasonably.

#### End of term

When Ms H took out the mortgage she agreed to repay it in 2016. By not doing so she is in breach of contract and Virgin Money would be able to take legal action to recover the debt.

I agree that Virgin Money could have done more to communicate with Ms H regarding her options now the term has ended. But she has not suffered any real detriment because of that. The mortgage operated on an interest free basis for almost all of that time.

I note the monthly statements issued from 2016 set out that the limit on the secured overdraft facility was zero and that the limit had been exceeded by the full amount of the balance.

The statements issued since June 2025 are in a different format. They refer to a "flexible repay" account. But that is what the mortgage product was called on the offer. The statements also show the current limit as zero and that the balance is over the agreed limit. They do not say the overdraft is authorised.

I can't see that Virgin Money has given Ms H any information that could reasonably lead her to believe that there was an active overdraft facility in place that would allow further

borrowing. And the evidence shows the term of the mortgage has ended and that the full balance is due.

I would encourage Ms H to maintain a dialogue with Virgin Money. It is required to treat her fairly and consider her circumstances. But I note it has already exercised a great deal of forbearance by not taking action to recover the debt for around nine years. Looking at what has happened so far I do not consider Virgin Money has treated Ms H unfairly overall.

### The mortgage product

The offers set out how the product operated. There is no ongoing obligation for a mortgage lender to provide that information over the life of the mortgage. But I consider the statements set out in a clear, fair and not misleading way that the mortgage operated as secured overdraft facility. They said that it was an interest only mortgage and the time when the balance was due to be repaid. They also showed the limit and the transactions – and they reflected the features of the product.

I understand why Ms H feels that there is no mortgage. But it was not unusual for lenders to sell this type of product – sometimes known as a current account mortgage – at the time in question.

### Interest

I am only considering the interest applied from 20 May 2019. When Ms H took out the mortgage she agreed to pay interest on the amount borrowed until it was repaid. So Virgin Money is entitled to apply interest to the balance.

The 2007 offer said that Ms H had Virgin Money's "Flexible Repay – Tier 1 rate, currently 5.1400%". From May 2017 to June 2025, Virgin Money did not charge Ms H any interest at all. I can't see that has caused her any real detriment or financial loss, bearing in mind that contractually Virgin Money was entitled to apply interest.

In June 2025, Virgin Money wrote to Ms H. it said it had identified that it had not charged Ms H any interest since 1 May 2017. It said it would apply a variable interest rate of 5.99%, which was 1.74% above the Bank of England base rate (the base rate). But it has since told us that in fact it has applied the base rate since then and that it is prepared to continue to do so until the mortgage is repaid. I think that is fair. The base rate has always been lower than the rate that Ms H agreed to when she took out the mortgage.

Ms H said she had a letter dated June 2019 where Virgin Money said it intended to debit over £7,000 interest from the mortgage. That appears to relate to a settlement figure issued by Virgin Money at that time that included interest – and it aligns with what Virgin Money said in its final response of 30 September 2019 that it intended to apply interest and that would be done manually.

Virgin Money has, however, confirmed that it did not go on to apply interest. And none of the other evidence I have shows that any interest was actually applied at that time.

### Credit file

I've already found that Ms H was in breach of contract when she did not repay the mortgage in 2016. It is a true and accurate reflection for Virgin Money to record that the remaining balance is unauthorised.

### Contact

Virgin Money has accepted that it has not always provided a good service. It ought to have been able to speak to Ms H about the administration of her mortgage and its repayment even if there was an ongoing complaint.

But even if I accept everything Ms H has said about the service she received, I consider that Virgin Money's offer of £150 is a fair way to compensate her for the impact of that on her.

### **My final decision**

My final decision is that Clydesdale Bank Plc trading as Virgin Money should pay Ms H £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 6 February 2026.

Ken Rose  
**Ombudsman**