

## **The complaint**

Mr K and Miss M complain about errors, delays and poor service by Clydesdale Bank Plc trading as Virgin Money when they applied for additional mortgage borrowing.

Mr K has dealt with the complaint. He asks for compensation, clarification of certain matters and a formal review into Virgin's processes.

## **What happened**

Mr K and Miss M had a mortgage with Virgin. Mr K and Miss M wanted to take out additional borrowing to pay for home improvements.

Mr K says he started an application for additional borrowing on 1 March 2025. The application for further borrowing completed on 14 June 2025. Mr K said in summary:

- Virgin made errors and caused significant delays with the application. It didn't update him, was hard to contact and gave inconsistent and incorrect information.
- During the delays, the mortgage went onto Virgin's standard variable rate (SVR) on 1 May 2025. Mr K says Virgin didn't provide calculations or refund overpaid interest while on the SVR.
- Their preferred contractor couldn't start work when arranged and left to work on other jobs. Mr K says this will delay work on the property and increase costs.
- Virgin sent a letter saying the mortgage was in arrears. It didn't explain how it calculated the arrears or accept it was at fault. Mr K says Virgin threatened to report arrears to the credit reference agencies.
- Virgin closed their complaint before the additional borrowing completed and the various problems were fixed and explained or compensation discussed. The compensation it offered was too little.

Virgin said the delays were due to high demand rather than errors. It said there was some confusion about whether it would send the mortgage offer by email or post. Virgin backdated Mr K and Miss M's new interest rate product to 1 May 2025 and offered £250 compensation.

Our investigator said the time taken by Virgin to issue a mortgage offer and provide funds wasn't unreasonable, especially as Virgin told Mr K at the outset it was experiencing high demand. Virgin had told Mr K they'd pay a higher amount in May 2025, when the mortgage went onto the SVR, but it would backdate the product and refund the overpayment when the additional borrowing completed.

Our investigator said Mr K and Miss M made an underpayment in May 2025. When this was added to the payment due in June 2025 an arrears letter was generated. The arrears were cleared when Virgin backdated the new product to 1 May 2025, and Virgin confirmed it hadn't reported arrears to the credit reference agencies. He said Mr K and Miss M were not

due a refund as they hadn't made an overpayment. Our investigator said £250 was fair compensation for the impact this had.

Mr K didn't agree and asked that an ombudsman re-consider the complaint.

### **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.

Mr K has referred to this service as a regulator. This service is not a regulator, and we don't have the powers of a regulator, for instance to fine or punish businesses. Our role is to resolve disputes quickly and with minimum formality. We make decisions based on what's fair and reasonable in the circumstances.

When I refer to payments below, I've rounded the amounts. That's because our decisions are published and using exact amounts could risk Mr K and Miss M being identifiable.

#### *Time taken to complete the additional borrowing application and poor communication*

Mr K says he started the application on 1 March 2025. While he said he can provide evidence to support this, he didn't do so.

Virgin says Mr K first contacted it on 11 March 2025 and an initial appointment was booked for 31 March 2025. During the 31 March 2025 call, Virgin told Mr K it was extremely busy and its mortgage advisers were booked up into May 2025. As this was after Mr K and Miss M's mortgage product was due to expire, Virgin said Mr K and Miss M would have to make a higher payment in May 2025. It said once the additional borrowing completes it would backdate the new interest rate to 1 May 2025 and refund any overpayments. Mr K and Miss M passed initial affordability checks and an advisory call was booked with a mortgage adviser for 6 May 2025.

Regardless of whether Mr K first contacted Virgin on 1 or 11 March 2025, he had to wait some time to meet with a mortgage adviser. I can't fairly find that this was due to an error by Virgin. I think it was, as it said, due to it being very busy and its mortgage advisers being booked up. Virgin made this clear to Mr K. But I understand Mr K's frustration.

Mr K met with the mortgage adviser on 6 May 2025. I don't think there were unreasonable delays by Virgin after this. Virgin issued a mortgage offer on 22 May 2025. Mr K and Miss M accepted this and funds were sent to their account on 14 June 2025.

Mr K and Miss M's mortgage went onto the SVR on 1 May 2025. Virgin backdated their new product to 1 May 2025 so they are not out of pocket – I've said more about this below.

I don't think it's fair and reasonable to require Virgin to compensate Mr K and Miss M for losing the contractor they'd booked to work on their property. Mr K says this contractor has to be booked three months in advance. I don't think Virgin is responsible for any arrangements Mr K and Miss M made with the contractor before receiving an offer for the additional borrowing. Virgin told Mr K on 31 March 2025 it was extremely busy and the first available appointment with a mortgage adviser was in early May 2025. So Mr K knew at the end of March 2025 (if not before) that the additional borrowing was unlikely to complete before late May 2025.

Mr K says Virgin wouldn't communicate about the mortgage by email, despite sending generic information by email, and didn't agree to send written confirmation of what it said on

calls. Banks are entitled to make commercial decisions about their internal policies and processes. As I said, this service is not a regulator, and I can't fairly require Virgin to change its policies and processes. I can't fairly find that Virgin made an error when it didn't communicate with Mr K about his mortgage by email or send him written confirmation after phone calls. It doesn't change matters that Virgin does use email for some communications. For instance, it communicated with Mr K by email regarding his complaint.

Mr K said because Virgin doesn't communicate about the mortgage by email he had to contact it by phone. He says calls were unanswered, dropped or routed to staff who couldn't assist.

I can see in Virgin's notes that Mr K called for updates. I appreciate that Virgin couldn't always provide an update, other than to say the application was in process. I can also see from Virgin's notes that some calls disconnected, although it's not clear if that was due to an error by Virgin. Virgin says it incorrectly suggested to Mr K and Miss M on 6 May 2025 that the mortgage offer could be sent by email. It later told Mr K its process is to send mortgage offers by post. Other than that, I haven't seen evidence that Mr K was given incorrect information. Virgin offered £250 which I think is fair and reasonable compensation for the upset and inconvenience caused.

#### *The arrears letter and interest refund*

Mr K and Miss M received a letter in June 2025 saying their mortgage was in arrears of about £1,300.

Mr K and Miss M pay by standing order, so they are responsible for making their contractual monthly payments on time and in full. Mr K and Miss M's interest rate product expired and the SVR applied from 1 May 2025. That meant their monthly payments changed.

Mr K said he wasn't given clear information about the amount he needed to pay in May 2025. He said Virgin didn't confirm the payment due at the new product rate. He also said he was told the monthly payment would be about £800.

I think Mr K was aware that the new product was not in place in May 2025: he complained about the delays and the mortgage going onto the SVR. The payment Mr K and Miss M made in May 2025 was £630, so I'm not persuaded Mr K was acting on information from Virgin that the payment due was £800. When Mr K first raised this issue with Virgin, he said Virgin was at fault for failing to take the higher amount by direct debit. That suggests he might not have remembered he needed to change the standing order.

I think Virgin gave Mr K and Miss M clear information that they'd need to pay a higher amount in May 2025, and what that amount was:

- during the call on 31 March 2025 Virgin told Mr K they'd need to make a higher payment in May 2025, but that their new product would be backdated to 1 May 2025 when the additional borrowing application completed and any overpayments refunded.
- Virgin wrote to Mr K and Miss M in early April 2025 setting out the payment due in May 2025 (about £995).
- Virgin reminded Mr K he needed to make the higher payment during a call in mid-May 2025. It confirmed the new product rate would be backdated once the additional borrowing application completed and any overpayments would be refunded.

Mr K and Miss M paid about £630 in May 2025. That meant the mortgage was in arrears of

about £360 at the end of May 2025. When the arrears were added to the payment due in June 2025 an arrears letter was generated. Mr K said Virgin didn't explain how it calculated the arrears amount. I can't agree with that.

Virgin explained how the arrears were calculated, with a breakdown of the figures, in an email to Mr K in mid-June 2025.

The arrears letter itself said the current arrears amount included the payment due (about £980) in June 2025. Virgin had told Mr K and Miss M what the monthly payment due in May 2025 was, and they knew what they'd paid. I think it would have been a straightforward matter to work out how the arrears were calculated (simply the underpayment from May 2025 added to the payment due in June 2025). But, in any case, the email Virgin sent in mid-June 2025 explained how the arrears were calculated.

The arrears letter said if the mortgage is in one month or more of arrears this might be reported to the credit reference agencies. Ultimately, if Mr K and Miss M continued to make underpayments, the arrears would have been reported to the credit reference agencies. I think it's fair for Virgin to make them aware of this. This isn't intended as a threat. It's correct information to ensure Mr K and Miss M are aware of the possible consequences of failing to maintain their mortgage payments.

The letter arrived before the end of June 2025, and before the date Mr K and Miss M usually make their monthly payment. I appreciate they found the letter upsetting. But they hadn't made the payment due in May 2025 in full. Overall, I think it's better they were made aware of this in good time to ensure the next payment was made in full.

Virgin provided internal records that show the new rate was applied from 1 May 2025. The arrears were cleared when the new interest rate product was backdated to 1 May 2025. Virgin confirmed it hadn't reported arrears to the credit reference agencies.

Mr S said Virgin hadn't refunded the interest they overpaid while on the SVR. The payment due in May 2025 was about £980. Mr K and Miss M only paid £630. I can't fairly require Virgin to refund an overpayment when Mr K and Miss M didn't make an overpayment.

Virgin backdated Mr K and Miss M's product to 1 May 2025, as it said it would. I can't see how calculations of the amount Mr K and Miss M should have paid while on the SVR would assist them, given they didn't actually make the payment that was due. I don't think it's fair and reasonable to require Virgin to provide these calculations.

Overall, I don't think Mr K and Miss M are out of pocket due to the time the application took to complete. I don't think it's fair and reasonable to require Virgin to take further steps regarding this part of Mr K and Miss M's complaint.

Mr K said after the additional borrowing application completed, Virgin gave him incorrect information about the amount of their contractual monthly payment. Mr K raised this issue after Virgin issued its final response to the complaint that was then brought to us. Mr K told our investigator he was happy the contractual monthly payment is correct. If this is something Mr K remains concerned about he should contact Virgin.

#### *Virgin's response to Mr K and Miss M's complaint*

Virgin sent a final response in mid-June 2025. I don't think it was unfair for Virgin to send a final response before the additional borrowing completed. These are separate processes and there's nothing unfair about Virgin wanting to give Mr K and Miss M an answer to their complaint as soon as possible. This didn't cause any delays with the additional borrowing.

Virgin responded separately to Mr K's requests for an explanation about the arrears letter and overpayments.

### **Putting things right**

I do understand Mr K and Miss M's frustration about the time the additional borrowing application took. But I must fairly take into account that Virgin made them aware that it was extremely busy, and offered a fair solution (to backdate the product rate and refund any overpayment) to ensure they were not out of pocket because of this.

I can't agree that Virgin made numerous errors or treated Mr K and Miss M unfairly. I think its offer of £250 is fair and reasonable for the upset and inconvenience caused by any errors it did make.

### **My final decision**

My decision is that Clydesdale Bank Plc trading as Virgin Money should pay £250 to Mr K and Miss M, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K and Miss M to accept or reject my decision before 5 March 2026.

Ruth Stevenson  
**Ombudsman**