

The complaint

Mrs R's complaint relates to her mortgage with Clydesdale Bank Plc trading as Virgin Money. She is unhappy about how Virgin Money handled her application to temporarily convert her mortgage to an interest-only basis.

What happened

In March 2025 Mrs R had a repayment mortgage with Virgin Money which was set up as two sub-accounts. The account was in arrears at that time, but Mrs R was told that if she reduced the arrears balance on each account to less than the amount of one contractual monthly payment (CMP) she could have an interest-only concession applied to the mortgage for six months under the Mortgage Charter. Mrs R made a lump sum payment of a little under £5,200 to the mortgage on 3 March 2025 and then applied for the concession to be applied.

Virgin Money called Mrs R on 11 March 2025 about her application, and she was told that she was not eligible for the concession under the Mortgage Charter because the mortgage was in arrears. Mrs R explained that she had been told by another member of staff that she would be eligible as long as the arrears were '*no more than one month*'. Virgin Money said it would look into the matter and call Mrs R back. It did so, and Mrs R was told that a message was being sent to the complaints team for that team to escalate the matter with the Mortgage Charter team.

Virgin Money sent Mrs R an email on 17 March 2025, telling her she needed to pay an additional £1 per sub-account for the concession to be applied. Mrs R has told us that while she received this email, it went into a junk folder. The following morning Virgin Money sent Mrs R a text to highlight the email that it had sent the previous day regarding the concession and the need for her to look at it. Mrs R has said that she didn't receive this message. That evening Virgin Money sent Mrs R another email, which acknowledged that Mrs R had made a new complaint and that it would be investigating it and she didn't need to take any action in that regard.

Mrs R appears to have assumed the concession had been added to her account, as she began to make reduced payments of around the amount of interest that was being charged. As such, the arrears on the mortgage increased further.

Mrs R complained that the concession had not been applied in April 2025 and Virgin Money responded to the complaint in an email of 2 May 2025 in which it upheld the complaint. It confirmed that initially Mrs R had been correctly told that as a concession, she would be able to apply to change her mortgage to interest-only for six months if the arrears on her mortgage were reduced to less than one month's CMP, however, she was subsequently told she was not eligible. Virgin Money paid Mrs R £100 compensation for any upset or inconvenience this had caused. In relation to applying the interest-only concession, Virgin Money highlighted that Mrs R had not reduced the arrears below the amount of one CMP and so was not eligible for the concession. It also highlighted that it had messaged Mrs R twice about her needing to pay more to be eligible for the concession, but she had not made the additional payment needed.

Mrs R was not satisfied with the response she received and referred her complaint to this Service.

One of our Investigators considered the complaint and, ultimately, he recommended that it be upheld. He considered that Virgin Money should have done more to ensure that Mrs R knew how much she needed to pay towards her arrears to be eligible for an interest-only concession. In addition, he accepted that Mrs R had not received the subsequent notifications about the shortfall. As such, the Investigator concluded that Virgin Money should recalculate the mortgage account assuming that a six-month interest-only concession had been put in place in March 2025. He also recommended that Virgin Money should amend the reporting it made to credit reference agencies regarding the mortgage in line with the rewrite of the account.

Virgin Money didn't accept the Investigator's opinion and asked that the case be reviewed by an Ombudsman. It didn't explain why it disagreed.

I issued a provisional decision on 3 February 2025, in which I set out my conclusions and reasons for reaching them. Below is an excerpt. The parties were asked to provide any further evidence or comment they wished considered by 17 February 2025.

'The Mortgage Charter is an arrangement that was put in place in June 2023 to help consumers who were not currently in financial difficulties, but anticipated they would be in the near future, usually due to the then current rises in interest rates. In order to qualify for the provisions of the Mortgage Charter, a borrower's mortgage needed to be up to date with no arrears present.

Virgin Money, however, appears to have decided to extend the benefits available under the Mortgage Charter to some of its customers who were not technically eligible for those benefits. It offered the concessions available under the Mortgage Charter to customers who had arrears of less than one month's CMP outstanding. A temporary interest-only concession would always have been one of the forbearance options Virgin Money had available to it to assist borrowers in financial difficulty, but in doing what it did, it meant that those borrowers would not have to go through all of the financial assessments that would usually be required for a lender to provide a forbearance concession.

It is clear that this concession was explained to Mrs R, however, it seems she misunderstood it slightly. She said in her conversation with Virgin Money on 11 March 2025 that her understanding was that the arrears balance needed to be 'no more than one month' of mortgage payments, whereas it actually needed to be below that amount. So Mrs R didn't pay enough towards the arrears to reduce them below the level of one CMP.

Virgin Money then called Mrs R to tell her that she was not eligible for any of the Mortgage Charter concessions, as her mortgage was in arrears. This was technically correct, and it is clear that the person Mrs R spoke to was not aware of the concession being offered to borrowers in less than a month's arrears, and it would appear that Virgin Money's systems were not updated to reflect the previous conversations about the issue. This was clearly a service failing on Virgin Money's part. I have considered the compensation amount that Virgin Money has paid Mrs R for this service failure, and I am satisfied that it is appropriate in the circumstances.

However, once the issue was raised and looked into, Virgin Media took action. It emailed Mrs R, using the correct email address, to tell her that she hadn't paid enough to let it put the concession in place. Mrs R has said that the email went into her junk email folder and, as she did not recognise the email address it was from, she missed it. Mrs R has also said that she didn't receive the follow-up text and has implied that she doesn't believe that it was sent.

I have reviewed the information Mrs R has provided from her telephone regarding text messages, but I don't consider this evidence that the message was not received, only that it is no longer stored on Mrs R's phone. It is very unusual for text messages not to be received if they are sent to a correct telephone number. The text message was sent to the telephone number Virgin Money held on its records, which it had used to speak to Mrs R on numerous occasions. While Mrs R may not have realised the importance of the text at the time or possibly have deleted it by mistake, I think it more likely than not that it would have been received. So I am satisfied that Virgin Money took reasonable steps to make Mrs R aware of the situation and she could have mitigated any loss at this point had she acted on the information she was given.

It has been posited that had Mrs R read the email that was sent to her, there was no reason for her not to have paid the additional £2 to her mortgage. I would agree, but Mrs R has told us herself that she didn't read the email. While she's said that it went into her junk email folder, reasonably the text message should have alerted her to look for it and if she couldn't find it, call Virgin Money. I note that Mrs R has said that she received another email that evening, around 12 hours after the text message, which acknowledged the complaint she'd made and told her she didn't need to do anything more about the complaint, as it would be investigated. As such, she has said she didn't think she needed to do anything. I am not persuaded that this email would have negated the message she received first thing that morning that she had already been sent an email that she needed to read.

Virgin Money also set out what had happened in its final response letter at the beginning of May 2025, including telling Mrs R what she needed to pay in order to put the account in the right position to benefit from the concession. She didn't do so and told us that this was because she had done what she'd been told initially, and Virgin Money had given her what it said it would. However, as I have detailed above, Mrs R did not pay as much as she needed to and while she was entitled not to do what Virgin Money told her she needed to do in the final response letter, that was her choice and she made it in the full knowledge of the consequences.

Overall, while I know that Mrs R will not agree with my conclusions, I am satisfied Virgin Money made her aware that her payment to the mortgage was insufficient for the concession she wanted to be applied. As she did not take the necessary action she needed to at that time or later when Virgin Money again gave her the opportunity to do so, I do not consider that Virgin Money needs to do anything more.'

Both parties acknowledged receiving the provisional decision. Mrs R said that she was disappointed with the outcome and would be making further comment, but she did not do so or ask for further time.

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 have reviewed the file again in its entirety and I have revisited my provisional decision. Having done so, my conclusions have not changed.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs R to accept or reject my decision before 23 March 2026.

Derry Baxter
Ombudsman