

## **The complaint**

Mr and Mrs B complain that they had to wait for an appointment with Clydesdale Bank Plc trading as Virgin Money to apply to port their mortgage and take some additional borrowing. They said there were delays and that meant they had to take an interest rate that was higher than it otherwise would have been.

## **What happened**

Mr and Mrs B have a mortgage with Virgin Money. In May 2022, they asked Virgin Money to port – or transfer – their existing mortgage to a new property and to take some additional borrowing. But Virgin Money could not arrange an advice appointment for some time. And while it allowed new customers to use a mortgage broker, it did not allow existing customers to do so. However, it changed its policy and in July 2022, Mr and Mrs B cancelled their application with Virgin Money and applied through a broker. The new mortgage completed in February 2023.

Mr and Mrs B complain that the delays in arranging a mortgage meant that interest rates had gone up. They want Virgin Money to pay them the difference between the interest rate they got and the rate available in May 2022.

The investigator originally upheld the complaint – but Virgin Money pointed out that if it had issued an offer in May 2022, it would have expired by the time Mr and Mrs B were able to move home. So they would never have been able to have an interest rate that was available in May 2022. The investigator accepted that and on review thought that Virgin Money's offer of £100 for any inconvenience was fair.

Mr and Mrs B did not accept what the investigator said. They made a number of points, including:

- We hadn't taken into account the Consumer Duty or the requirement to treat customers fairly. That meant Virgin Money could not treat existing customers differently from new customers. They had to wait for an appointment, while new customers didn't.
- Mortgage offers do not expire – it is the valuation that expires after six months.
- If the application had not been delayed, they could have switched the offer to a new property.
- Nobody can confirm that if they had an offer in place in May 2022 that it would have expired.
- It was unfair that they had to wait because Virgin Money did not have enough staff to deal with their application and only belatedly opened up broker applications to existing customers.

## **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.

Virgin Money has accepted that the time to arrange an appointment for Mr and Mrs B was too long. So it is not in dispute that it did not treat Mr and Mrs B fairly. Where a business has not acted fairly, I would look to put the consumer in the position they would have been in had they been treated fairly.

If Mr and Mrs B were able to arrange an appointment with Virgin Money in May 2022, they could have secured an interest rate that as available then and Virgin Money would have issued a mortgage offer. But Virgin Money has told us that its offers are only valid for six months and that it does not extend offers.

The mortgage offers that were issued to Mr and Mrs B state they are valid for six months. In my experience this is in line with normal industry practice. That is what Virgin Money was prepared to offer Mr and Mrs B and there was no obligation to extend the offer.

Virgin Money said it never agrees to extend mortgage offers. Ultimately that is its decision. In the circumstances here I can't see any reason why Virgin Money would have been obliged to extend an offer issued on or around May 2022 – particularly in an environment where interest rates were particularly volatile.

Looking at the evidence we have, I'm not persuaded that if Mr and Mrs B secured an interest rate product with Virgin Money in around May 2022 that they would have been able to complete on that product. They weren't able to move until February 2022. So any offer issued in May 2022 would have expired by then. I don't consider the interest rate Mr and Mrs B have ended up with was because of the delay by Virgin Money and I think its offer of £100 is fair for any distress and inconvenience caused to Mr and Mrs B.

The Consumer Duty came into force on 31 July 2023. So it did not apply in the circumstances here. I accept that the FCA's high level principles required Virgin Money to pay due regard to the interests of its customers and treat them fairly. I'm not sure that would necessarily have meant at the time in question that it should offer the same channels to new and existing customers.

I don't have the power to tell a business to change its policy. In any event, Virgin Money now accepts applications from existing customers via a broker. And I've already found that the delay was unfair. So even if I were to make a finding that was because its policy of requiring existing customers to apply directly rather than being able to use a broker was unfair, that would not change the outcome here.

## **My final decision**

In all the circumstances, I consider the offer of £100 for any distress and inconvenience is fair and reasonable.

Clydesdale Bank Plc trading as Virgin Money should pay Mr and Mrs B £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 8 March 2024.

Ken Rose

**Ombudsman**