

## The complaint

Mr F's complaint is about a mortgage account he holds with Clydesdale Bank Plc trading as Virgin Money. Mr F says that Clydesdale is not correctly offsetting his linked savings accounts, as a result of which he has been financially disadvantaged.

To settle the complaint, Mr F wants Clydesdale to carry out a reconstruction of his mortgage account, which he believes will show mistakes have been made, and for the bank to put things right.

## What happened

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here.

In addition, our decisions are published, so it's important I don't include any information that might lead to Mr F being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

Mr F has four residential mortgages with Clydesdale that have consent to let. This current complaint follows previous complaints Mr F made that Clydesdale was not correctly offsetting the mortgages against savings accounts. The last complaint was concluded in 2016.

In July 2023 Mr F raised a new complaint about two of his mortgage accounts, one ending 318 and the other ending 815. Mr F didn't think these were being correctly offset. Clydesdale issued a final response letter in which it explained why it wasn't upholding the complaint.

Mr F escalated his complaint to our service, but only in relation to the account ending 815. Mr F said that he thought the mortgage *"should have been paid off years ago. Instead it is still showing that it only be paid off about 24 months early"*. Mr F said that running the numbers through a different bank's offset calculator showed the mortgage should have been paid off seven years early. Mr F therefore thought that Clydesdale had made a mistake. Mr F said he wanted Clydesdale to carry out a reconstruction on the account.

An Investigator looked at what had happened. Having done so, the Investigator clarified that we could only look into the way the account had been administered for the six years before the complaint was first raised (I note Mr F has confirmed this was 22 May 2023). Taking into consideration the information provided by both Mr F and Clydesdale, the Investigator didn't think Clydesdale was administering the account incorrectly. The Investigator explained that the way another bank might calculate offsetting didn't mean Clydesdale was at fault, because Clydesdale's way of offsetting wasn't the same as the other bank.

Mr F asked for an Ombudsman to review the complaint. Although there's been a considerable amount of correspondence between the parties and our service since the

Investigator issued his findings, the crux of Mr F's complaint remains the same as he outlined on his complaint form. Mr F believes that, because Clydesdale made errors on offsetting his accounts in 2010, 2013 and 2016, proving that he was right on those occasions, the bank must provide an up-to-date mortgage reconstruction in relation to this latest 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.

The evidence in the case is detailed, running to several hundred pages of documents. I've read everything, and it's apparent that some parts of the evidence are less relevant to the underlying case than others. There are also a lot of duplicated documents and repetition of arguments.

I will begin by explaining the scope of my decision – that is, what I am allowed by our rules to consider, and what I have been asked to consider.

I note the Investigator explained the time limits in our rules for bringing a complaint. Although neither party has challenged the Investigator's findings in this respect, for the sake of clarity, I confirm that I am only able to consider what happened in the six years before the complaint was first raised – which Mr F has told us was on 22 May 2023. Therefore anything that happened before 22 May 2017 is out of time under our rules. There are no exceptional circumstances that would allow me to disregard this.

In addition, Mr F's complaint form states clearly that this complaint relates to only one of his four mortgage accounts held with Clydesdale – account ending 815. As this is the account Mr F asked our service to look into, I have confined my consideration of the complaint to this specific account, rather than his other three mortgage accounts with Clydesdale.

I will therefore not be revisiting the outcome of previous complaints Mr F made to Clydesdale about the 815 account and his other mortgage accounts that were addressed by the bank in 2010, 2013 and 2016.

The offsetting calculations Mr F has provided from the website of a different bank are of no relevance to this complaint. The way that bank calculates offsetting is different from Clydesdale's method.

Clydesdale has explained how it calculates its offsetting, as follows:

*“The Offset Monthly Review letters show (for each day) the Mortgage Balance (the borrowing outstanding), the Offset Balance (the total savings being offset), and the Offset Benefit. Interest is calculated daily on the Mortgage Balance less the Offset Balance. The daily Offset Benefit amount is the interest saving for that day i.e. the mortgage interest that would have been charged on the Offset Balance had it not been offset.”*

Clydesdale also requires the contractual monthly instalment to be paid in full, regardless of the amount offset. So if an account is fully offset – that is, where no interest is being charged on the mortgage account – then the monthly payment will be applied solely to reducing capital. If the account is only partially offset, then there will be an amount of interest to pay and so the capital balance will not reduce as quickly as if the account was fully offset.

Mr F says that he expected the 815 account to have been paid off “years ago”. If that’s the case, I’d have expected him to have raised this issue several years ago rather than some time after the point where he expected to have repaid the 815 account. I understand that this is, along with the other three mortgages, a consent-to-let mortgage, and so the mortgage appears to be secured on a property that is rented out for commercial or investment purposes. I am therefore not persuaded that Mr F wouldn’t have raised the issue sooner if, as he says, he thought the mortgage should have been paid off “years ago”, particularly as he was receiving statements for the 815 account.

The account statements since May 2017 clearly show the amount of interest charged, the payments made and how the capital balance has reduced. I’ve also looked at the “*Offset Monthly Overview*” which shows all four mortgage accounts and the linked savings accounts. I can see the balances of the various linked accounts varied from time to time, which in turn affected the interest applied to the mortgage accounts, including the 815 account. There doesn’t appear to be anything untoward in the administration of the account.

The Financial Ombudsman Service doesn’t provide an auditing or account reconstruction service. It is, of course, always open to Mr F to arrange to have his own audit or reconstruction of the account carried out by a suitably-qualified and independent professional, such as an accountant or auditor. This would have to be at his own expense, but if this was to show errors on the part of Clydesdale that have resulted in financial detriment to Mr F, then he’d be able to use this as the basis for a new complaint to Clydesdale. As part of any redress claimed, Mr F could ask Clydesdale to reimburse any reasonable costs incurred in relation to the account audit.

After carefully reviewing the documentation provided, the evidence does not lead me to conclude that there has been an error by Clydesdale in its administration of the 815 account.

### **My final decision**

My final decision is that I don’t uphold this complaint.

This final decision concludes the Financial Ombudsman Service’s review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr F to accept or reject my decision before 6 August 2024.

Jan O’Leary  
**Ombudsman**