

## **The complaint**

Mr and Mrs H's complaint is about a buy-to-let (BTL) mortgage they had with Clydesdale Bank Plc trading as Virgin Money. They are unhappy that they were unable to contact Clydesdale, which meant they couldn't repay their mortgage when they planned to. As such, they want Clydesdale to refund the mortgage payment collected after the date they had intended to repay the mortgage.

In addition, Mr and Mrs H consider how Clydesdale charge interest at the time of the redemption as unfair and improper conduct. They have put forward that unless the mortgage is repaid on a specific date, Clydesdale will charge a full month's interest as a penalty. Furthermore, they are unhappy that they couldn't repay the mortgage on the day they wanted because it was a Sunday, and the following day was a bank holiday.

## **What happened**

Mr and Mrs H had a number of BTL mortgages with Clydesdale. This complaint relates to just one of those mortgages with account number ending in 753. At the beginning of January 2023 the interest rate product on Mr and Mrs H's mortgage was due to end. They had the choice at that point of either adding a new interest rate product to the mortgage or allowing it to revert to Clydesdale's standard variable rate (SVR) of interest. The mortgage reverted to SVR as it appears Mr and Mrs H were considering either significantly reducing the balance of the account or completely repaying it.

When they complained to Clydesdale in January 2023, Mr and Mrs H said they'd been unable to contact it by telephone due to excessive waiting times. This they said had prevented them from requesting the information they needed to be able to repay their mortgage.

Clydesdale sent Mr and Mrs H a redemption statement on 4 January 2023 with an assumed redemption date of 9 January 2023. It documented the interest that had been charged since the last mortgage statement, payments made and mortgage exit fee. It was confirmed the payments made included that which had been collected on 3 January 2023. It was also confirmed how the payment should be adjusted if the mortgage was redeemed on a different date in the month – as interest was charged daily.

Two days later Mr and Mrs H sent Clydesdale a cheque for £50,000 to reduce the mortgage balance. They asked Clydesdale to confirm the outstanding balance after the payment had been applied and what the new monthly payment would be going forward. The lump sum was paid off the mortgage on 10 January 2023 and the account was credited with the amount of interest that amount would have accrued over the remainder of the month. Another redemption figure was provided to Mr and Mrs H on 16 January 2023 and they made a payment the same day to clear the remaining mortgage balance.

There was an exchange of correspondence about the complaint and, in summary, Clydesdale accepted there had been long call waiting times and apologised for any upset this had caused Mr and Mrs H. It offered them £200 compensation in this regard. However, it

declined to refund the mortgage payment Mr and Mrs H wanted as it had been charged correctly and had been calculated into the redemption amount they had paid.

Mr and Mrs H accepted the compensation, but they remained unhappy that Clydesdale wouldn't refund the January 2023 mortgage payment. They referred the complaint to the Financial Ombudsman Service. When they did they added the element of the complaint relating to how interest was charged when a mortgage was redeemed. Mr and Mrs H also confirmed the compensation they had accepted had not related to the complaint about the mortgage subject to this complaint.

The complaint was considered by one of our Investigators, but he didn't recommend that it be upheld. He was satisfied the compensation that Mr and Mrs H had accepted related to any difficulties they'd had in reaching Clydesdale by telephone for the mortgage being complained about. He was satisfied the payment was for an appropriate amount in the circumstances. In relation to the mortgage payment Mr and Mrs H wanted back, he confirmed that while that payment had reflected the interest for the whole month of January 2023, the interest for the part of the month after redemption had been credited back within the redemption calculation. As such, Mr and Mrs H had not been overcharged and it would not be appropriate for the payment to be refunded.

Mr and Mrs H didn't accept the Investigator's conclusions. They said their complaint about penalties being levied by Clydesdale if mortgages are not repaid on a certain date (even if that date is a weekend or bank holiday) had not been addressed. They reiterated that had they been able to repay the mortgage when they wanted to, they wouldn't have had to make the January 2023 payment and so it should be refunded. Mr and Mrs H also repeated the £200 compensation they accepted did not relate to this complaint and so needed to be removed from our consideration.

The Investigator considered Mr and Mrs H's further comments. He explained our role and that we were not the regulator and so could not tell a lender what systems and processes it should have in place, including those for dealing with situations relating to customers wanting to make payments outside of normal business hours. The Investigator reiterated that the compensation payment had been made in relation to this complaint and referred them back to Clydesdale's final response letters. He again didn't recommend the complaint be upheld.

Mr and Mrs H confirmed that they wanted the complaint to be escalated, as they maintained the Investigator was mistaken about the reason Clydesdale had paid the £200 compensation. They highlighted that in early 2023 they had held several mortgages with Clydesdale and the money was paid in relation to one of those. They didn't specify which one or provide any supporting evidence of their contention. In addition, they reiterated their previous comments about having suffered a financial loss and wanting reasonable compensation for that loss.

### **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.

Initially, I would reiterate that we are not the industry Regulator. That means that we don't have the power to tell financial businesses how they run their businesses, what business hours they work to and what systems they have in place.

I note that Mr and Mrs H have said ideally they would have wanted to pay their mortgage off immediately after it ceased to be subject to an early repayment charge, and before they had

to pay a higher rate of interest. I can understand why this is, but for that to have happened both Barclays and the CHAPS system providers would have had to operate on what are non-working days for both of those organisations. While Mr and Mrs H believe this is done to penalise customers, I don't agree. It is simply that some days of the week and year are not working days. It is unfortunate that Mr and Mrs H's mortgage product ended when it did, but I can't find Barclays at fault because it didn't provide all of its services on a Sunday or a bank holiday.

I will now comment on the matter of the £200 compensation. This payment was offered in the final response letter of 21 March 2023 for complaint number CR0323578. Clydesdale's records detail complaint CR0323578 as having been received on 9 January 2023 and relating to mortgage account ending 753. The subject of the complaint related to call waiting times meaning that Mr and Mrs H had been unable to get through to Clydesdale. This was linked to them having wanted to pay some, or all, of the balance of their mortgage due to being informed that the monthly payment would be increasing to £1,024.20. That is the amount of the monthly payment collected on 3 January 2023 for the mortgage account ending in 753.

The final response letter for complaint CR0323578 stated *'We're sorry to hear that you're unhappy with the service you've received and for the length of time it's taken to reply to your complaint.'*

...

*I am pleased to see that you have now redeemed your mortgage, which I understand was your desired outcome, however I acknowledge the difficulty you have experienced in reaching us. Please accept my sincere apologies for the distress and inconvenience which this may have caused.*

...

*To make things right, we would like to offer you £200 for the distress and inconvenience we have caused you.'*

In Clydesdale's letter of 16 May 2023, it included the statement:

*'Also, that we send you the £200.00 that was offered in our Final Response Letter dated 21 March 2023 for the call wait times.'*

I note that in their letter of 12 June 2023, in which Mr and Mrs H accepted the compensation payment, they have referenced it being in relation to Clydesdale incorrectly collecting money in relation to a mortgage account number ending in 956. However, it is clear to me that Clydesdale made the offer in relation to Mr and Mrs H's concerns about the difficulty they said they'd experienced trying to speak to it about mortgage account number ending in 753 toward the end of 2022. In light of the fact that Mr and Mrs H may not have accepted the sum, had they understood what it related to, I have considered whether it is in line with what we would award in such circumstances.

We don't have evidence of the number and duration of the calls Mr and Mrs H have said they attempted to make and so it is difficult to say for certain how much inconvenience they suffered. However, what is known is that all lenders experienced a significant increase in the number of calls they were receiving following the September 2022 mini-budget and so call waiting times increased considerably across the industry. This was not something that lenders were responsible for or that they could have prevented happening. So taking into

account the wider circumstances at the time, I consider the offer of compensation was more than fair.

Mr and Mrs H have asked that the payment they made on 3 January 2023 be refunded to them as they would not have had to pay it if they'd been able to repay their mortgage when they've said they wanted to. As Mr and Mrs H have highlighted, their mortgage could never have been paid off when they wanted it to be due to that day being a non-working day. So the payment collected on 3 January 2023 would always have been collected. This payment covered the interest that would accrue on the mortgage during January 2023.

Clydesdale provided Mr and Mrs H with a redemption statement in early January 2023 which would have allowed them to repay the mortgage had they wanted to. While it assumed a redemption date of 9 January 2023, it was explained how to adjust the payment if they wanted to repay it earlier. The January 2023 payment was included in the calculation Clydesdale completed to establish how much was needed to clear the mortgage. While the monthly payment was calculated assuming the mortgage would be in place for the entire month, when the redemption figures were calculated, the surplus amount beyond the assumed redemption date was effectively deducted from the capital balance Mr and Mrs H had to pay. The same process was applied when the redemption figure was calculated on 16 January 2023.

In addition, when Mr and Mrs H made a lump sum payment to reduce the mortgage balance a few days after the first redemption statement was sent to them, the mortgage records show an interest credit. This was for the interest that had been collected on the amount of the lump sum for the remainder of the month.

In summary, the 3 January 2023 payment was used to pay the interest that accrued on the mortgage in January 2023 up to the point Mr and Mrs H repaid the mortgage, and the remainder was deducted from the amount needed to repay the mortgage. In light of this, it would be entirely inappropriate for Clydesdale to refund the payment as Mr and Mrs H have requested.

### **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 Mr and Mrs H to accept or reject my decision before 24 April 2024.

Derry Baxter  
**Ombudsman**