



The complaint

Mr B complains that Virgin Money Personal Financial Service Ltd ('Virgin') irresponsibly gave him a loan without adequate checks.

What happened

On 26 May 2021, Mr B applied for a loan of £7,000 with Virgin.

In 2021, Mr B brought a complaint to us about Virgin to say that the account shouldn't have been opened for him because they had performed insufficient checks to see it was affordable, as Mr B had issues with gambling at that time.

Our adjudicator didn't recommend the complaint be upheld. Mr B didn't agree. So, the complaint has been passed to me to decide.

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've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

Virgin will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Mr B's complaint is that Virgin made credit available that was unaffordable and with insufficient checks. Virgin has explained that it carried out a credit check using a credit reference agency to determine the amount of credit it was able to offer. That check did show an existing loan. Mr B had declared a good level of income and so, maybe not surprisingly, the loan was accepted automatically; no manual underwriting was required.

Mr B has pointed out that he took out two other loans in the same month he took out the loan with Virgin, so the searches couldn't have been sufficient. Virgin has explained that those loans would not have had time to show up on the check performed by the credit reference agency. Such checks often pick up credit information from the previous month at best. And so, I do not consider it to be a failing on Virgin's part that they were unaware of the other loans Mr B was taking out at a similar moment in time to the Virgin Loan.

It is possible that had they been aware of these other loans that this may have caused Virgin to want look at Mr B's finances more closely. Mr B thinks these other loans would have indicated some degree of financial difficulty. But for the reasons given above, Virgin

didn't know about those loans, and that was not necessarily as a result of insufficient checks.

And Mr B himself did not put Virgin on notice of his financial difficulties as a result of his gambling issues. When Virgin asked him the reason for the loan Mr B told them it was to buy a car. Mr B has told us it was to fund some gambling. Mr B's own testimony suggests that not only was he experiencing difficulties that had financial implications but also that he was hiding those difficulties from the business he wanted to borrow from.

Having considered all the submissions made in this case, based on the particular details of this complaint, I don't think that Virgin did, necessarily, fail to make adequate checks before providing Mr B with credit. But even if it had, I don't think better enquiries would have caused Virgin to think the credit was automatically unreasonable. I say that because Mr B declared a good level of income and his declared outgoings were modest. And Mr B was managing his current account such that income was matching the outgoings and the account was in a positive balance. Mr B's existing credit level would not have made the new borrowing automatically unreasonable based on his declared income, the credit report suggested that only one other application for credit had been made in the previous twelve months and the credit report suggested that Mr B's financial situation was under control largely.

So, having considered all the submissions made in this case, I have seen insufficient evidence that Virgin failed to make sufficient financial checks before lending to Mr B. And I've seen insufficient evidence to think that a more thorough affordability check would have led Virgin to think that the credit limit it provided Mr B was unreasonable.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 8 September 2022.

Douglas Sayers
Ombudsman