

The complaint

Mr E complains that Clydesdale Bank Plc trading as Virgin Money was irresponsible in its lending to him.

What happened

Mr E was provided with a credit card in July 2018 by Virgin Money with a credit limit of £1,800. Mr E says that he built up a large debt on the card and used it for gambling. He doesn't think he should have been provided with the credit and that his gambling should have been identified.

Virgin Money issued a final response letter dated 1 February 2023. It said that checks were carried out before the credit card was provided and that Mr E had a 14 day cooling off period which he could have used if he didn't think he would be able to maintain the payments due under the card. It said that Mr E contacted it about his gambling in February 2020 and he was transferred to its specialist support team. Virgin Money noted that using the credit card for gambling was a breach of the terms and conditions and a block was applied to the card and Mr E was signposted to the appropriate charities. Following this payment plans were set up. Virgin Money said that as payment hadn't then been received this had been reported on Mr E's credit file. Virgin Money offered Mr E £100 as a gesture of goodwill due to the time it had taken to respond to his complaint.

Our investigator didn't uphold this complaint. He thought that Virgin Money had carried out adequate checks before providing Mr E with the credit card with a £1,800 credit limit. He said the checks didn't suggest the credit limit was unaffordable. Our investigator also thought that Virgin Money had acted reasonably when Mr E contacted it about his gambling.

Mr E didn't agree with our investigator's view. He thought his income should have been verified before the lending was provided – he didn't think a credit check was enough to establish if the credit was affordable. He said that he was using his credit card for gambling for a long time before he contacted Virgin Money and that Virgin Money should have identified this and taken action sooner. He said that had this happened he wouldn't have got into so much debt.

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.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint.

As our investigator explained, before providing credit, lenders need to complete reasonable and proportionate affordability checks. There isn't a set list of checks a lender is required to carry out, it just needs to ensure the checks are proportionate when considering things like: the type and amount of credit being provided, the size of the regular repayments, the total

cost of the credit and the consumer's circumstances.

In this case before Mr E was provided with the credit card Virgin Money gathered information about Mr E's employment and income. Mr E's application stated he had been working for two years and had an annual income of £25,000. Mr E didn't record any payments for a mortgage, and this was supported by the outcome of the credit search. The credit search undertaken by Virgin Money showed Mr E had no accounts in default, nor delinquent accounts and no county court judgements and no unsecured debt. Given the credit search didn't raise any concerns that Mr E might be struggling financially, and the credit card being provided was the only unsecured debt Mr E would have, I find the checks carried out were proportionate. I understand that Mr E feels his income should have been verified but, in this case, I find it reasonable that his declared income was relied on.

As I think the checks were reasonable, I have considered what these showed in regard to the affordability of the credit provided. Mr E has said that he quickly used the credit available to him. While I note the comment, I am considering the information available to Virgin Money at the time of Mr E's application and whether this suggested the credit limit of £1,800 was affordable to Mr E. Having considered Mr E's declared income at the time, his employment and that he didn't have other debts, I do not find I can say that Virgin Money should have been concerned that the £1,800 credit limit would be unaffordable.

Mr E has said that he used the credit card to gamble. When he informed Virgin Money of this Virgin Money transferred Mr E to its specialist team to provide him with assistance and to discuss a payment plan as he had requested. As use of the credit card for gambling was a breach of the terms and conditions a permanent block was placed on the card to prevent further spending and Virgin Money signposted Mr E to relevant charities that might be able to assist him. I find these actions reasonable and in line with the account terms and conditions. Virgin Money then worked with Mr E by agreeing payment plans but as Mr E didn't maintain the payments agreed under the payment plans, a default notice was issued. Having considered the actions Virgin Money took since Mr E contacted it about his gambling, I find it did try to assist him and to work with both Mr E and the debt companies that contacted it on Mr E's behalf. As payments weren't maintained and Virgin Money attempted to contact Mr E about this on several occasions, I do not find it did anything wrong by taking further action.

Mr E says that Virgin Money should have noticed that he was using his credit card to fund his gambling and taken action sooner. He said that had this happened he wouldn't have got into the amount of debt he did. I understand the point Mr E is making, but I do not find I can say Virgin Money did anything wrong by not identifying the gambling, instead I have considered its actions when it did become aware of the situation. And as I have set out above, I find the actions it took were reasonable.

Based on the above reasons, I do not find I can uphold this complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 26 September 2023.

Jane Archer
Ombudsman