

The complaint

Mr S complains that Clydesdale Bank Plc, trading as Virgin Money, irresponsibly provided him with access to an overdraft facility and allowed him to become reliant on it without stepping in. He says this resulted in the relationship between him and Clydesdale being unfair.

The lending appears to have been provided by another trading name of Clydesdale at the time. However, for ease, I'll refer to Clydesdale in the rest of this decision

Mr S is supported in bringing this complaint by a representative. However, for ease, I'll refer to actions and submissions as being those of Mr S.

What happened

Clydesdale provided Mr S with access to an overdraft. The available information is limited given how long ago the account was opened. However, Clydesdale says there were limits on the account as early as 2001. It says the credit limit was £1,000 from 2008 and Mr S requested a temporary increase to £1,500 in 2012. The following day, the limit was reduced back to £1,000.

In summary, Mr S says Clydesdale didn't undertake an appropriate assessment of his circumstances and failed to take into account that he was reliant on borrowing. As a result, Mr S says he remained at the upper limit of the overdraft for a prolonged period and incurred significant charges as a result.

Clydesdale reviewed matters and, in summary, said it had limited information about some of the history on the account. However, with regards to the information it did have to hand, it thought it had lent responsibly. It also said there were regular salary credits into the account over the years, in excess of the overdraft limit.

Mr S remained unhappy with this response and brought his complaint to this service. An Investigator here reviewed matters. In summary, she didn't recommend that the complaint be upheld. She noted that there was a healthy salary being paid into the account, as well as other regular incoming payments.

Mr S disagreed with our Investigator. In summary, whilst he acknowledged that the account did enter a credit balance, he said this was only for a brief period before he became reliant on the overdraft again. He also said he used it to pay for essential outgoings. As an agreement wasn't reached, the case was passed to me to decide.

I contacted Mr S informally to explain that I wasn't intending to uphold the complaint for reasons including the fact that Mr S appeared to have other accounts he was transferring funds between. Mr S asked for some time to provide his other account statements, but didn't do so by the deadline. So, I've continued on the basis of the information I have available.

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.

In deciding this complaint, I have taken into account all of the submissions that have been provided. However, it's important I explain that my decision will only focus on what I consider to be the crux of Mr S's complaint. This isn't intended to be discourteous, but instead it reflects my informal role in reaching a decision here.

I've started by looking at whether Clydesdale acted fairly and reasonably when accepting Mr S's overdraft application and then increasing his limit when it did.

Clydesdale hasn't been able to provide much information about the early lending history on the account, though it says the overdraft limits were on the account from as early as 2001. It says the limit was £1,000 from 2008 before being increased to £1,500 temporarily in 2012. It says this was then reduced to £1,000 the following day and has remained as such since.

Clydesdale hasn't provided the results of checks carried out for the earlier lending decisions, which I draw no negative inference from, considering how long ago this would have taken place. It has provided some information about the most recent credit limit increase to £1,500 in 2012, which explains why it thinks the lending was responsible. Having reviewed this, it's certainly arguable that the limit, which was only a temporary increase, was likely to have been affordable for Mr S. Though I note this information has been provided in what appears to be an email format, without any supporting evidence.

The earliest available statements don't cover the period Clydesdale says any lending decisions would have taken place. Mr S hasn't provided any statements evidencing his position from the time the lending decisions took place, which also isn't unreasonable given the length of time that's passed. Therefore, this all means that in the absence of any other information, I can't conclude Clydesdale provided the opening overdraft limit or the limit increases irresponsibly.

I'll turn next to Mr S's concerns about being reliant on the overdraft, to the extent that he thinks Clydesdale ought to have stepped in. The earliest statements Clydesdale has provided are from 2015 and, as outlined above, Mr S hasn't been able to provide anything more. So, I've based my review on the statements provided from 2015 onwards to understand whether I think Clydesdale ought to have stepped in and taken corrective measures instead of continuing to apply charges.

Having reviewed the available statements, I accept that Mr S does make use of the overdraft regularly. However, I'm not persuaded that the facility had become demonstrably unsustainable for Mr S, to the extent that Clydesdale ought to have taken corrective action. I say this because whilst the account did experience several periods of being overdrawn, there were instances over the years where the account was in credit.

There was a regular salary being paid into the account over the years, which was more than the overdraft limit. There were also regular incoming payments from other sources Mr S had access to. Clydesdale provided copies of a savings account Mr S held. However, Mr S didn't provide any additional statements for other accounts, despite being given the opportunity to do so. I've therefore based my findings on the available information.

The available statements show that Mr S appeared to be trying to save money over the years, as he was moving money from his current account to his savings account that we have statements for. I've considered that on occasion, money appeared to be transferred

back and forth between the accounts, and so it seems that sometimes Mr S wasn't able to keep those funds saved for long. That being said, I can't ignore the incoming payments into the account from funds held elsewhere that Mr S had access to – which were sometimes large, in my opinion, and enough to clear the overdraft.

I have considered there were occasions where the account was over the arranged overdraft limit. However, this was generally only by a small amount and was often brought back relatively quickly. So, overall and based on the available information, it's difficult for me to reasonably conclude that Mr S was in a position where he simply couldn't exit the overdraft if he wished to.

I've also considered that Clydesdale hasn't provided evidence to show it made Mr S aware of the pattern of his overdraft usage or that it asked him to consider the costs associated with this, in line with the relevant rules. That being said, whether Clydesdale complied with this requirement or not, I'm persuaded that Mr S was aware of the charges associated with the overdraft due to other communications sent to him. And, considering the funds Mr S had access to elsewhere, I'm not persuaded that he couldn't exit the overdraft if he wanted to. So, this doesn't change the overall findings I've reached here.

Therefore, in conclusion, given all the circumstances of this complaint, I don't think Clydesdale acted unfairly or unreasonably by providing the overdraft limits, or by allowing Mr S to use the overdraft facility in the way he did. I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't reasonably conclude that Clydesdale lent irresponsibly to Mr S or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 22 August 2025.

Hana Yousef
Ombudsman