

The complaint

Mr G complains that Clydesdale Bank Plc trading as Virgin Money irresponsibly lent to him.

What happened

Mr G was approved for a Virgin Money credit card in August 2022 with a £5,000 credit limit. I will refer to this card as A in this decision. Mr G was approved for another Virgin Money credit card in January 2023 with a £5,000 credit limit. I will refer to this card as B in this decision. Mr G says Virgin Money irresponsibly lent to him. Mr G made a complaint to Virgin Money.

Virgin Money did not uphold Mr G's complaint. They said they use a combination of factors when reviewing applications. They said the decision to approve the applications were made using the details provided by Mr G and information held with the Credit Reference Agencies (CRA's) about the performance of other products he held. Mr G brought his complaint to our service.

Our investigator did not uphold Mr G's complaint. He said the affordability checks showed the lending would be affordable. Mr G asked for an ombudsman to review his complaint. He said he couldn't afford the repayments for either Virgin Money credit card. Mr G said his bank statements show his account was clearly a joint account, and if Virgin Money had completed a thorough investigation he could have told them what income was assigned to his wife, and what income was his.

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.

Before agreeing to approve or increase the credit available to Mr G, Virgin Money needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Virgin Money have done and whether I'm persuaded these checks were proportionate.

Acceptance for A

I've looked at what checks Virgin Money said they did when initially approving Mr G's application for A. I'll address the lending decision for B later on. Virgin Money said they looked at information provided by CRA's and information that Mr G had provided before approving his application.

The information showed that Mr G had declared a gross annual income of £75,000 and other annual household income of £35,000. So I'm not persuaded that Virgin Money needed to

contact him to find out how much his income was when he had already declared it was £75,000.

The CRA reported that Mr G had revolving debt (which would include things such as any credit/store card balances/overdrafts) of £17,633, and non-revolving debt (which would include things such as personal loans/hire purchase agreements) of £26,142. So he had a total of £43,775 of unsecured debt at the time Virgin Money completed their checks.

The information showed that Mr G had no County Court Judgements (CCJ's) being reported by the CRA, and no accounts in arrears. His monthly mortgage payment was declared as being £300 a month, but Virgin Money completed an affordability assessment using the higher figure of £597 a month that the CRA was reporting to them. Virgin Money also included expenditure for Mr G's revolving debt, non-revolving debt, council tax, and other expenditure into their affordability calculation, and the calculation showed that Mr G would have enough disposable income to be able to meet his repayments for a £5,000 credit limit.

So I'm persuaded that Virgin Money's checks were proportionate, and it wouldn't have been proportionate for them to contact Mr G for further information such as requesting his bank statements. I'm persuaded they made a fair lending decision to approve the £5,000 credit limit.

Acceptance for B

I've looked at what checks Virgin Money said they did when initially approving Mr G's application for B. Virgin Money said they looked at information provided by CRA's and information that Mr G had provided before approving his application.

The information showed that Mr G had declared a gross annual income of £78,000 and other annual household income of £42,000. So I'm not persuaded that Virgin Money needed to contact him to find out how much his income was when he had already declared it was £78,000. Virgin Money were also able to verify Mr G's declared income using Current Account Turnover which is an industry acceptable way of verifying income.

The CRA reported that Mr G had revolving debt of £16,238. So despite Mr G being approved for A only months earlier with a £5,000 credit limit, his revolving debt had actually reduced since A's checks were completed. The CRA reported non-revolving debt of £22,920. So he had a total of £39,153 of unsecured debt at the time Virgin Money completed their checks, which was over £4,000 lower than when Virgin Money completed their checks for A.

The information showed that Mr G had no CCJ's being reported by the CRA, and no accounts in arrears. His monthly mortgage payment was declared as being £200 a month, but Virgin Money completed an affordability assessment using the higher figure of £597 a month that the CRA was reporting to them. Virgin Money also included expenditure for Mr G's revolving debt, non-revolving debt, council tax, and other expenditure into their affordability calculation, and the calculation showed that Mr G would have enough disposable income to be able to meet his repayments for a £5,000 credit limit.

So I'm persuaded that Virgin Money's checks were proportionate, and it wouldn't have been proportionate for them to contact Mr G for further information such as requesting his bank statements. I'm persuaded they made a fair lending decision to approve the £5,000 credit limit.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that Virgin Money lent irresponsibly to Mr G 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

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 13 May 2025.

Gregory Sloanes
Ombudsman