

## **The complaint**

Mrs R complains that Clydesdale Bank Plc trading as Virgin Money lent irresponsibly when it approved her credit card application.

## **What happened**

Mrs R applied for a Virgin Money credit card in February 2021. In the application, Mrs R said she was employed with an annual income of £49,500 that Virgin Money calculated left her with £3,108 a month after deductions. Mrs R confirmed she had a mortgage with monthly repayments of £247. A credit search was completed that found Mrs R owed £28,813 in other unsecured debt, with £28,000 of that amount relating to a loan and a hire purchase agreement. No adverse credit was found on Mrs R's credit file and no recent missed payments were recorded. Virgin Money applied estimates for Mrs R's regular outgoings and applied its lending criteria to the application. Virgin Money calculated Mrs R had a disposable income of £1,165 a month after covering her existing outgoings and approved the application. A credit card with a limit of £8,600 was sent to Mrs R.

Last year, representatives acting on Mrs R's behalf complained that Virgin money lent irresponsibly and it issued a final response. Virgin Money said it had carried out the relevant lending checks before approving Mrs R's application and didn't agree it lent irresponsibly.

An investigator at this service looked at Mrs R's complaint. They thought Virgin Money had carried out reasonable and proportionate lending checks before approving Mrs R's application and weren't persuaded it lent irresponsibly. Mrs R's representatives asked to appeal and said Mrs R was already making monthly repayments of around £685 towards her loan and hire purchase agreements in addition to her other living costs. Mrs R's representatives also said she was approaching retirement at the time she applied for her Virgin Money credit card and that the new credit card wasn't sustainable in the long term. As Mrs R's representatives asked to appeal, her complaint has been passed to me to make a decision.

## **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 lend, the rules say Virgin Money had to complete reasonable and proportionate checks to ensure Mrs R could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information Virgin Money used above when considering Mrs R's application. I can see that Mrs R gave her income as £49,500 and Virgin Money used a service provided by the credit reference agencies called CATO to verify that figure. In addition to that, a credit search found information about Mrs R's existing debts. I note Mrs R owed a reasonably large amount in other unsecured debts at the time of her application. But I think it's reasonable to say the overwhelming majority were split across a loan and a hire purchase arrangement. Those accounts had monthly repayments totalling £685. Mrs R owed around £800 in other unsecured debts. I also think it's reasonable to note that Mrs R's unsecured debts were all up to date with no evidence of recent arrears or financial difficulties. So whilst I accept Mrs R owed around £28,800 in other unsecured debts, I'm satisfied that was factored into Virgin Money's lending checks.

Overall, I'm satisfied Virgin Money carried out reasonable and proportionate lending checks. Virgin Money took Mrs R's mortgage and unsecured debt costs into account. And Virgin Money applied estimates for Mrs R's general living expenses to the application – an approach that's in line with the rules it operates under. And Virgin Money found Mrs R had a healthy estimated disposable income of £1,165 after covering her housing costs, existing debts and regular living expenses. In my view, that figure was more than sufficient to be able to sustainably afford repayments to a new credit card with limit of £8,600. In my view, the decision to proceed based on the information Virgin Money obtained was reasonable and I haven't been persuaded that it lent irresponsibly to Mrs R.

I've considered whether the business acted unfairly or unreasonably in any other way including 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 don't think Virgin Money lent irresponsibly to Mrs R or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My decision is that I don't uphold Mrs R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 30 July 2025.

Marco Manente  
**Ombudsman**