

The complaint

Miss B complains that Clydesdale Bank Plc, trading as Virgin Money, acted irresponsibly when giving her a credit card and a large credit limit.

What happened

In October 2021, after making an on-line application, Virgin Money issued Miss B with a credit card and then a credit limit of £5,700.

In 2024, Miss B was behind with her credit card payments, and she complained to Virgin Money about irresponsible lending.

Miss B feels the credit card was unaffordable and Virgin Money didn't do the correct checks. She said:

- *'Since the account has been opened, I've only made my minimum payments and I've always been over my credit limit'*

And Virgin Money should've:

- *'Checked my credit record and you would have seen I had several credit cards and payday loans companies and had recent missed payments my credit card payments on my credit file'*

Miss B asked Virgin money to refund all the interest she'd paid and any late payment charges from the point the account was opened. Also, pay 8% interest and remove late payment markers from her credit file.

Virgin Money didn't uphold her complaint. They said that although Miss B's account is in persistent debt, at the time they considered her application, there were no indications of any financial issues, and the level of borrowing was appropriate for her income.

Miss B then brought her complaint to our service and our investigator upheld it. In her 'view' she:

- Commented that Miss B's outstanding debt was £10,881
- Considered:
 - Virgin Money checks weren't proportionate, as the amount of credit being offered was very high in comparison to Miss B's income.
 - That checks of bank statements would've highlighted her income was £744.33 rather than £1,750.18.
 - Miss B's committed expenditure was around £1,821.32, so Miss B had a negative disposable income.

Virgin Money disagreed. They said:

- Miss B led them to believe she was in employment with gross annual income of £25,500.
- They used Current Account Turnover (CATO) to verify her income.

- Their checks showed Miss B could afford the credit card as her:
 - Debt to income percentage was 42.6%.
 - Net disposable income was £903.85.
 - Revolving debt was £10,881.
 - Non-revolving debt was £0.

As Virgin Money disagree with our investigator's 'view', this complaint has been referred to me to look at.

I issued a provisional decision on 2 June 2025 and this is what I said:

I've considered the relevant information about this complaint.

Our investigator upheld this complaint. But based on what I've seen so far, there will be a different outcome to what she proposed. Before I issue my final decision, I wanted to give everyone a chance to reply.

The deadline for both parties to provide any further comments or evidence for me to consider is 16 June 2025. Unless the information changes my mind, my final decision is likely to be along the following lines.

If I don't hear from Miss B, or if they tell me they accept my provisional decision, I may arrange for the complaint to be closed as resolved without a final decision.

What I've provisionally 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.

Having done so, my decision is different to the investigator and, based on the information received so far, I'm not upholding this complaint.

I should first say:

- *Although I'm very sorry to hear that Miss B has been experiencing financial difficulties, I must approach this matter objectively.*
- *My role is to evaluate the evidence provided by both parties and where evidence is incomplete, inconsistent or contradictory (as some of it is here), I must reach my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available evidence and wider circumstances.*

We've set out our general approach to lending complaints, including all of the relevant rules, guidance and good industry practice, on our website.

Virgin Money needed to take reasonable steps to ensure it didn't lend irresponsibly. Rather than approach the credit card application from the perspective of the likelihood of getting its money back, they had a responsibility to ensure Miss B could afford it and it wouldn't cause her undue difficulty or significant adverse consequences.

That meant Miss B should've been able to meet repayments out of her normal income without having to borrow to meet the repayments, without failing to make any other payments she had a contractual or statutory obligation to make and without the repayments having an adverse impact on her financial situation.

Virgin Money's approval checks also had to be "proportionate" to the specific circumstances of the credit card application. In general, what constitutes a proportionate check will depend upon a number of things including – but not limited to – the particular circumstances of the consumer (e.g. financial history, current situation and outlook, and any indications of vulnerability or financial difficulty) and the amount/type/cost of credit.

After making further enquiries, I analysed the information that Virgin Money considered when it did its financial checks. I found that:

- They did make enquiries with a Credit Reference Agency (CRA), and this didn't show she was behind with any payments or any concerning information for them to look into.
- The information referred to in the above 'what happened' section, gathered from CRA's and the application process, which Virgin Money relied upon to calculate Miss B's disposable income of £903.85, including a salary of £25,500, was fact based.
- The committed monthly expenditure figure, our investigator calculated as £1,821.32, was incorrect. This is because the average was calculated by using several one-off payments Miss B had made in the months that preceded her application.

So, I'm satisfied Miss B's disposable income was that calculated by Virgin Money (£903.85) and, if the credit card was unaffordable at the time of her application, it was due to Miss B's lack of income. This is because, as she wasn't working, her income was £744.33 and not the £1,750 net salary Virgin Money had calculated from her application form, meaning she had no disposable income to pay for credit.

Virgin Money's submission shows that in October 2021 Miss B declared her gross annual salary as £25,500. And Miss B says the following:

'I wasn't working in September and October. I started my new job in November 2024 and income was paid by from X* on 11/11/21 and payments from Y were rental income. My previous employment ended in August 2021'.*

** As X appears to be her new employer who paid her in November 2021, I think it likely Miss B has stated 2024 rather than 2021 as the start date for her new job.*

I don't know why Miss B declared a salary, as her previous employment ended in August 2021, and she appears not to have been working at the time of her application. It maybe this was also the salary of her new job, that she wasn't starting until a month after taking out the Virgin Money credit card.

But it's clear from her above comment that when Miss B made her application she wasn't earning a salary at that point in time. And I can't see that she shared any of her important employment / salary information with Virgin Money. If she had, Virgin Money are likely to have asked for more information and may have delayed or rejected her credit card application.

As there is clearly a risk in relying upon information declared on an application, I checked to see if Virgin Money did any other checks on Miss B's salary and income. I found they used the CATO service, which monitors the funds being paid into her bank account and this, together with a declaration, can be more reliable than bank account statements which can sometimes be difficult to interpret.

I consider this to have been a proportionate verification method. However, Miss B had been paid the declared salary up to August and then had other credits going into

her bank account. These disguised the fact that she was no longer earning a salary and Virgin Money wouldn't have known this.

So, I'm satisfied Virgin Money's checks were proportionate and I can't see their October 2021 lending decision lacked diligence or was unfair.

From reviewing her credit file summary, it is difficult to know when Miss B's financial difficulties occurred. But they appear to be sometime after Virgin Money's lending decision.

If Miss B had a lower income in November 2021, when her new job started, than she declared and her financial difficulties started in 2021, she ought to have made sure the information she gave Virgin Money was correct. Also, she should've questioned the size of the credit limit with Virgin Money and reached out to them at the time. But I can't see that she did.

I'm very sorry to hear of the difficulties Miss B is experiencing and appreciate she will be disappointed. However, as I don't think their lending decision was unfair or unreasonable, I'm not upholding this complaint against Virgin Money.

My provisional decision

For the reasons I've given above, it's my provisional decision not to uphold this complaint against Clydesdale Bank Plc trading as Virgin Money.

I'll look at anything else anyone wants to give me – so long as I get it before 16 June 2025.

Unless that information changes my mind, my final decision is likely to be as I've set out above.

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.

Further to my above provisional decision, I didn't receive a response from either Miss B or Clydesdale Bank Plc, trading as Virgin Money, by the deadline date.

So, as no further arguments or evidence have been produced in response to my provisional decision, my view remains the same.

I therefore adopt my provisional decision and reasons as my final decision.

My final decision

My final decision is that I'm not upholding this complaint against Clydesdale Bank Plc trading as Virgin Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 15 July 2025.

Paul Douglas
Ombudsman