

The complaint

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

Mr W is represented by a solicitor's firm in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Mr W himself.

What happened

Mr W was approved for a Virgin Money credit card in July 2022 with a £4,400 credit limit. Mr W says that this was lent irresponsibly to him. Mr W made a complaint to Virgin Money who did not uphold his complaint. They said an appropriate and affordable credit limit was assigned to him. Mr W brought his complaint to our service.

Our investigator did not uphold Mr W's complaint. He said Virgin Money made a fair lending decision as the repayments would appear affordable. Mr W asked for an ombudsman to review his complaint. He made a number of points. In summary he said he was reliant on his overdraft, which his bank statements would have shown.

Mr W said that he already had a large amount of unsecured debt and that he didn't have a sufficient disposable income to meet the repayments. Mr W says he's had to borrow to repay the credit used, but he has then utilised the credit again.

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 the credit available to Mr W, 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.

The information showed that Mr W had no County Court Judgements (CCJ's) or defaults being reported by the CRA, and no accounts in arrears at the time of the checks. Mr W declared a gross annual income of £40,000, which Virgin Money calculated to be around £2,573.29 net a month.

The CRA informed Virgin Money that Mr W had unsecured debt of £21,394 so he would have had a debt to gross annual income ratio of around 53.5%. So Virgin Money were aware of the level of debt Mr W had.

Virgin Money completed an affordability assessment for Mr W. They used information that Mr W had provided, and they were able to obtain information from a CRA about the monthly debt repayments Mr W needed to make, so although Mr W considers his unsecured debt to

be high at the time of his application, Virgin Money were able to see how much he needed to pay here. They also used modelling to estimate Mr W's other outgoings.

The affordability assessment suggests that Mr W would be able to afford sustainable repayments for a £4,400 credit limit. So they wouldn't be aware that Mr W might need to borrow money to repay the credit used at a later date, as this wouldn't be foreseeable to them. I can also see that Mr W applied for a balance transfer as part of his application, so this also could have freed up some disposable income for him as he would pay less interest for a set period of time compared to if he didn't transfer any balances.

I've considered what Mr W has said about his overdraft usage and if Virgin Money would have looked at his statements they would have seen this. But based on the checks Virgin Money completed, it wouldn't have been proportionate for them to request Mr W's bank statements. They would have been aware of Mr W's total unsecured debt at the time of the checks, and not just any overdraft usage. So they would have had a fuller picture of Mr W's financial situation here.

So as Mr W had no adverse information showing on his credit file as being reported by the CRA they used, and the repayments appeared affordable for Mr W, I'm persuaded that Virgin Money's checks were proportionate and they made a fair lending decision here.

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 W 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 W to accept or reject my decision before 15 August 2025.

Gregory Sloanes
Ombudsman