

## **The complaint**

Miss A complains Clydesdale Bank Plc trading as Virgin Money (“Virgin Money”) was irresponsible in its lending to her.

## **What happened**

Miss A was provided with a credit card by Virgin Money in August 2022. The initial credit limit was set at £5000 and wasn’t increased. Miss A complained to Virgin about the way the card was issued to her she thought it was irresponsible and unaffordable lending. She said at the time she applied she was already in significant financial difficulty with substantial existing debt and a history of missed payments across other accounts.

Miss A thought Virgin Money had approved her application for credit without conducting an adequate affordability assessment. And its decision to lend didn’t reflect her financial reality or their obligations as a responsible lender. Miss A said shortly after opening the account she began missing payments due to ongoing financial strain, so lost the promotional rate on the balance, incurred high interest and had to enter an arrangement to pay. She thought this could have been avoided if appropriate checks had been carried out before the account was opened.

Virgin Money didn’t uphold the complaint. It told Miss A its decision to approve the application was made using the details she’d provided and from information held by Credit Reference Agencies about the performance of any other products Miss A held. It said this was then reviewed alongside their lending criteria and, based on that assessment, an appropriate and affordable credit limit was assigned. Virgin Money said there was nothing from Miss A or it’s validation of her information that indicated financial difficulties when the account was opened. So, it didn’t agree it had acted incorrectly.

In both of her views our investigator didn’t think Virgin Money had done anything wrong by providing Miss A with the credit card with a £5000 credit limit. She didn’t think the result of the checks indicated Virgin Money shouldn’t have provided Miss A with credit to the initial limit of £5000, as there were no indications of financial struggles. As the information at this point showed Miss A had a disposable income to make repayments in a sustainable way the investigator didn’t think it was necessary for Virgin Money to have obtained any further information. So, she didn’t think it fair to say Virgin Money has provided the lending irresponsibly or that the checks weren’t proportionate.

Miss A didn’t agree. She remained concerned that Virgin Money hadn’t asked for documentation to validate her income. She told us at the time of the application she had recently cleared significant personal debt through an informal family loan. And, whilst this wouldn’t have appeared on her credit report, she said it had a major impact on her disposable income. She also told us she suffered from a mental health condition which affected her emotional regulation and financial decision making but was never asked about personal circumstances or any health conditions. And although she didn’t disclose either of these, she said she wasn’t prompted to. She referred to the FCA’s vulnerability guide which placed responsibility on firms to design lending processes that identified and reduced harm to vulnerable customers. The case has now come to me for a final 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.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint. While I have taken into account the relevant laws and regulations, my decision is based on what I consider fair and reasonable given the unique circumstances of this complaint.

Although our investigator has looked at the decision to lend, in response to the first view, Miss A told us she didn't dispute the approval of the credit card. Rather she's unhappy about the decision to offer a credit limit of £5000. Although there's no disagreement between the parties on the decision to lend in principle, Miss A doesn't suggest what she thinks *would* have been an appropriate limit. So, I've looked at the decision in the round.

As our investigator has explained, before providing credit, lenders need to complete reasonable and proportionate affordability checks. There isn't a set list of checks a lender is required to carry out, it just needs to ensure the checks are proportionate when considering things like the type and amount of credit being provided, the size of the regular repayments, the total cost of the credit and the consumer's circumstances. The lenders need to assess the ability of the consumer being able to make the repayments in an affordable way and it is down to the lender to decide what specific checks it wishes to carry out.

Miss A was provided with a credit card with a £5000 credit limit. Before Virgin Money approved the decision to lend with that limit it gathered information, which included information disclosed by Miss A.

The application records from Virgin Money show Miss A told Virgin Money she was employed full time with an annual income of £36,000 and living with her parents with no housing costs. The records also show it then verified the income Miss A disclosed, using Credit Account Turnover (CATO) data and used that individual income for its affordability calculations.

The credit check by Virgin Money showed none of Miss A's active accounts were, at that time, in arrears. In the case of one external account there was a record, in the last six months, of one month's arrears. But the credit file also showed that account had been brought up to date by the time of this application, so there was evidence it was now being managed. This check also showed there were no CCJ's or defaults.

Virgin Money completed an income and expenditure assessment. It again used CATO data alongside information from the credit check to calculate Miss A's essential outgoings and existing commitments for both revolving and non-revolving debt. This left them with an estimated disposable income of over £900 per month. Considering all this, I think the checks undertaken by Virgin Money before first lending to Miss A were reasonable and proportionate to the credit being considered. The information showed Miss A had enough disposable income to make payments in a sustainable way for the credit limit of £5000. So, I don't think it was necessary for Virgin Money to have sought further information for it to make the decision to lend.

I've gone on to look at where the decision to lend was fair given the information Virgin Money had gathered and what it know about her circumstances. Miss A questions the accuracy of the checks and her income verification and affordability check but, for the reasons I've explained above, I'm satisfied Virgin Money have made checks in line with its

obligations. And that the debt-to-income ratio our investigator has referred to in her view was accurate based on then information Virgin Money had from *all* sources including Miss A as applicant. And that, I think, is key.

Miss A told us she was struggling financially when she applied. But she's also told us none of the difficult personal circumstances - the informal loan from a family member and her mental health condition - were disclosed by her to Virgin Money. Like our investigator, I don't think Virgin Money could have known about informal debt without it being disclosed. It was a private matter unless Miss A choose to share it. A lender can only reasonably be expected to take information into account if it's available to them. Whether that's by disclosure to it or revealed by credit checks.

The suggestion that Virgin Money were in some way deficient by not prompting an applicant about the disclosure of such significant private borrowing doesn't sit well with the generality of declaration all borrowers sign in the application process - essentially that all the information given is true, complete and not misleading. Although I don't have a copy of the signed application, it's a standard provision and I've no reason to believe it wasn't present here. And although I'm sorry to learn of Miss A's vulnerabilities and note her point about a lender's responsibility to such customers, similarly, I don't think a lender can reasonably be expected to take this into account when undisclosed.

So, for the reasons I've explained, although Miss A remains of view the initial checks weren't sufficient, I disagree. The information revealed to Virgin Money didn't show signs of significant financial difficulties. So, I think the original decision to lend with the credit limit of £5000 was fair. And I do not find I can say that Virgin Money acted irresponsibly by providing this credit to Miss A.

As a final exercise, I've also thought about whether Virgin Money, in any other way, acted unfairly or unreasonably towards Miss A. Particularly, whether its relationship with her might have been unfair. But, largely for the reasons I've set out above, I'm not persuaded that this was likely to have been the case. So, I'm not going to uphold this complaint.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 27 February 2026.

Annabel O'Sullivan  
**Ombudsman**