

The complaint

Miss A complains that Clydesdale Bank Plc trading as Virgin Money have irresponsibly lent to her.

What happened

Miss A was approved for a Virgin Money credit card in October 2024 with a £5,000 credit limit. Miss A says Virgin Money irresponsibly lent to her. Miss A made a complaint to Virgin Money.

Virgin Money did not uphold Miss A's complaint. They said they use a combination of factors when reviewing applications. The decision to approve the applications was made using the details provided by Miss A and information held with the Credit Reference Agencies (CRA's) about the performance of other products she held.

Virgin Money said at the time of Miss A's application there was nothing provided by her, nor in their validation of the information she provided, that indicated financial difficulties when the account was opened with them. Miss A brought her complaint to our service.

Our investigator did not uphold Miss A's complaint. He said although Virgin Money should have verified Miss A's income, if they did complete further checks they still would have made a fair lending decision.

Miss A asked for an ombudsman to review her complaint. She made a number of points. In summary, she said she had more unsecured debt than what Virgin Money's checks said she had, and she also had loans. She said the £5,000 credit limit was high for someone who had £40,000 - £50,000 of debt. Miss A said it was alarming that Virgin Money couldn't see all of her debt, and she thinks their checks were incorrect.

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 Miss A, Virgin Money needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. 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 Miss A had no County Court Judgements (CCJ's) or defaults being reported by the Credit Reference Agency (CRA) that Virgin Money used, and no accounts in arrears at the time of the checks, or within the six months prior to the checks.

Miss A declared a gross annual income of £40,000, which Virgin Money calculated to be

around £2,523 a month. The CRA informed Virgin Money that Miss A had unsecured debt of £6,307 which all of it was for revolving debt (such as any credit cards/store cards/overdrafts she had).

I've considered what Miss A has said about her having more debt than what Virgin Money said she had. But Virgin Money are entitled to rely on information from a CRA. It could be different for a couple of reasons. One of these is if her lenders don't report to all of the available CRA's, which I couldn't hold Virgin Money responsible for this.

Another reason could be if there was any recent unsecured debt that Miss A had been approved for. Credit files typically take 4-6 weeks to update, so it's possible if she was approved for any unsecured debt just prior to her Virgin Money application it would not be showing on her credit file at the time of Virgin Money's checks, but again, I can't fairly say this would be foreseeable to Virgin Money as they would be entitled to rely on the information they were given by the CRA.

So Miss A's existing unsecured debt being reported by the CRA at the time of Virgin Money's checks would have equated to around 15.8% of her declared gross annual income. Virgin Money also completed an affordability assessment using information from the CRA and modelling to calculate Miss A's disposable income, and the results of this showed that Miss A would be able to sustainably afford repayments for a £5,000 credit limit. They had also completed further checks on the income Miss A declared via modelling.

The new credit limit was around 12.5% of Miss A's declared gross annual income. So even if she did not use any of this credit limit to pay off any other debt she had, and it was added to what the CRA told Virgin Money her unsecured debt would be, then Virgin Money would believe she would have total unsecured debt of £11,307 (her existing £6,307 unsecured debt and assuming she used the full £5,000 credit limit on the Virgin Money credit card). This would equate to around 28.3% of Miss A's declared gross annual income.

But I do note that the credit card Miss A applied for did have a promotional balance transfer offer, so if she transferred some of her other debt to this card (which the statements showed Miss A did do this), then the total unsecured debt may be lower than described in the previous paragraph, and Miss A may also make lower repayments as a result of this.

So based on the checks Virgin Money completed, it would not be proportionate for Virgin Money to have requested Miss A's bank statements or any information directly from her. I'm persuaded that their checks for this lending decision were proportionate, and that 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 don't think Virgin Money lent irresponsibly to Miss A or otherwise treated her 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 Miss A to accept or reject my decision before 3 November 2025.

Gregory Sloanes

Ombudsman