

Complaint

Mr B has complained about a credit card Clydesdale Bank Plc (trading as “Virgin Money”) provided to him. He says no income and expenditure checks were carried out before he was provided with this unaffordable credit card.

Background

Virgin Money provided Mr B with a credit card with a limit of £3,000.00 in June 2022. The credit limit on the card was never increased.

One of our investigators reviewed what Mr B and Virgin Money had told us. And she thought Virgin Money hadn’t done anything wrong or treated Mr B unfairly. So she didn’t recommend that Mr B’s complaint be upheld.

Mr B disagreed and asked for an ombudsman to look at his complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr B’s complaint.

Having carefully considered everything, I’ve decided not to uphold Mr B’s complaint. I’ll explain why in a little more detail.

Virgin Money needed to make sure it didn’t lend irresponsibly. In practice, what this means is Virgin Money needed to carry out proportionate checks to be able to understand whether Mr B could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Virgin Money says it agreed to Mr B’s application for a credit card after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr B would be able to make the monthly repayments due on a credit limit of £3,000.00. On the other hand, Mr B says that no income and expenditure checks were carried out.

I've considered what the parties have said.

What's important to note is that Mr B was provided with a revolving credit facility rather than a loan. And this means that Virgin Money was required to understand whether a credit limit of £3,000.00 could be repaid within a reasonable period of time – not all in one go. It's fair to say that a credit limit of £3,000.00 wouldn't have required especially large monthly repayments, in order to clear the full amount owed within a reasonable period of time.

From the information provided, it looks like Mr B declared that he was employed. I note Mr B has questioned the use of household income and it isn't entirely clear why this was requested. Nonetheless, the information from the application suggests that Mr B said that he was earning £43,000.00 a year.

There isn't anything to indicate that this wasn't accurate at the time. Indeed, Virgin Money appears to have cross checked this against information from credit reference agencies on the amount of funds Mr B was receiving into his main bank account each month and this didn't suggest any inconsistency. So I'm satisfied that Virgin Money was entitled to rely on this declaration.

Virgin Money's credit check also did not indicate that Mr B had had any recent previous difficulties repaying credit – such as defaulted accounts or county court judgements - either. Furthermore, while Mr B has referred to being excessively indebted this wasn't reflected in Virgin Money's credit checks, as these show that he had active debt balances of around £17,000.00 at the time of the application. For the sake of completeness, I'd also add that this wasn't excessive compared to Mr B's validated income.

Having seen these results, I'm satisfied that the information that Virgin Money gathered shows that it was fair and reasonable for to offer Mr B a credit card with a limit of £3,000.00. This information does appear to show that the required payments were affordable. I'm therefore satisfied that Virgin Money carried out reasonable and proportionate checks and this showed that Mr B could afford to repay £3,000.00 within a reasonable period of time.

I fully accept it's possible that Mr B's position might have been worse than what it looks like from the information Virgin Money was provided with. I'm sorry to hear what Mr B has said about his circumstances at the time. But it wouldn't be fair and reasonable for me to use hindsight here, or say that Virgin Money should have known this was the case at the time it was making its lending decision. This is especially as the circumstances here leave me satisfied that it was fair and reasonable for Virgin Money to have relied on the information that it had.

In reaching my conclusions, I've also considered whether the lending relationship between Virgin Money and Mr B might have been unfair to Mr B under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that Virgin Money irresponsibly lent to Mr B or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall while I'm sorry to hear that Mr B has found making his credit card payments a struggle, I don't think that Virgin Money treated Mr B unfairly or unreasonably when providing him with his credit card. And I'm not upholding Mr B's complaint. I appreciate this will be very disappointing for Mr B. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 1 December 2025.

Jeshen Narayanan
Ombudsman