

The complaint

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

What happened

Mr W was approved for a Virgin Money credit card in February 2022 with a £6,600 credit limit. The credit limit was increased to £11,600 in November 2022. Mr W says that Virgin Money irresponsibly lent to him. Mr W also says that Virgin Money failed to comply with his Data Subject Access Request (DSAR). He says they told him that they wouldn't advise customers of their lending policy as this would open them up to risk. Mr W made a complaint to Virgin Money.

Virgin Money said that they deemed the account and the credit limits to be appropriate given Mr W's circumstances at the time the lending decisions were approved. They said they were aware there was a delay in sending him the information he requested, and they were truly sorry for this. Mr W brought his complaint to our service.

Our investigator did not uphold Mr W's complaint. He said that Virgin Money did not make unfair lending decisions. Mr W asked for an ombudsman to view his complaint. He made a number of points. In summary, he referenced several sections of the Consumer Credit Sourcebook, he told us what his income was made up from, and his income wasn't standard employment income.

Mr W said there was a personal loan which credited his account in October 2021, and that there was no evidence Virgin Money excluded this from their affordability calculations, he said he had repeated overdraft usage, they didn't complete updated checks for the credit limit increase. He said he had escalating debt across multiple lenders.

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.

Firstly, I'm aware that I've only summarised Mr W's complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

Mr W has referenced several sections of the Financial Conduct Authority (FCA) Consumer Credit Sourcebook (CONC). I can confirm to him that CONC is one of the things I consider in dealing with irresponsible lending complaints, but as an informal nature to the courts, I won't list every section here.

I'd like to thank Mr W for telling our service personal information about his personal circumstances and the source of income he received. I won't go into detail about these things in this decision to protect Mr W's identity, but I can assure him that I've read

everything that he's told us.

I've considered what Mr W has said about how Virgin Money have treated him regarding his DSAR. I can empathise with Mr W regarding what happened here, as this may have delayed him bringing his complaint to our service. I can see in the final response letter that Virgin Money sent Mr W that they apologised for this. I'm persuaded that this is proportionate for them to do so here, as Mr W was still able to bring his irresponsible lending complaint to our service within the relevant timescale.

I'd like to explain to Mr W that it is not within this service's remit to tell a business to disclose their commercially sensitive processes and procedures such as their lending policies. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Virgin Money to make changes to their policies and procedures, if necessary.

Before agreeing to approve or increase 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.

Acceptance for the Virgin Money credit card

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 £36,800, which Virgin Money calculated to be around £2,390.51 net a month.

I've looked at the raw application data, and I can see Mr W told Virgin Money he was self employed. So as Mr W had told Virgin Money that he was self employed and he received a gross annual income of £36,800, it would not be proportionate for Virgin Money to make further checks to see if any income Mr W declared should not be used towards the affordability assessment.

I've considered what Mr W has said about the loan he received in October 2021, possibly being used as income, but I've no evidence to support that Virgin Money classed this as his income. This was a number of months prior to the credit card being approved. Virgin Money completed further income checks via Current Account Turnover (CATO), which is an industry standard way of validating declared income.

So as Mr W had declared a gross income of £36,800, and Virgin Money had validated his income via CATO, it would not have been proportionate for Virgin Money to have made further checks here.

The CRA informed Virgin Money that Mr W had unsecured debt of £19,780, and Mr W had requested a balance transfer from Virgin Money for £4,213.98. So if Mr W completed a balance transfer, then this may save him interest being charged by a third party lender.

Virgin Money completed an affordability assessment for Mr W. They used information that Mr W had provided, modelling to estimate Mr W's outgoings, which is an industry standard way of estimating outgoings, and information from a CRA about Mr W's monthly credit commitments. The affordability assessment suggested that Mr W would be able to afford sustainable repayments for a £6,600 credit limit, as the disposable income was showing as being £1,116.93 a month.

Virgin Money are not required to request further information such as bank statements from a potential customer for each lending decision they make. This wouldn't be proportionate. And I'm not persuaded that it would have been proportionate for this lending decision for Virgin Money to have made further checks when they validated Mr W's income, they would have no cause for concern that the information Mr W gave wouldn't be correct, especially as he had no adverse information on his credit file including current or recent arrears, and the affordability assessment showed a high disposable income.

So I'm persuaded that Virgin Money's checks were proportionate, and they made a fair lending decision here.

November 2022 credit limit increase - £6,600 to £11,600

The CRA that Virgin Money used as part of the lending checks for this decision showed that Mr W's active unsecured debt had increased to £23,189. But the CRA also informed Virgin Money how much he was paying towards his non-revolving credit commitments (such as any personal loan/hire purchase agreements etc), and his revolving credit commitments (such as any credit cards/store cards/overdrafts etc).

So Virgin Money would have been aware of the increased monthly credit commitments Mr W had here (although I note Mr W completed a balance transfer which may have reduced some of the monthly repayment).

The CRA also reported that Mr W still had no defaults or CCJ's, he had not been in arrears for the six months prior to this lending decision, he had no current arrears, and he had taken no cash advances from credit cards in the three months prior to this lending decision.

Virgin Money would have also been able to see how Mr W managed his Virgin Money credit card since it had been opened. Mr W incurred no late or overlimit fees, he was not close to his credit limit leading up to the credit limit increase, and he didn't incur any cash advance fees.

While Virgin Money did not complete a new affordability assessment for this lending decision, I'm not persuaded that this would be proportionate here. I say this as CONC 5.2A.23 01/11/2018 G says *"The firm may have regard, where appropriate to information obtained in the course of previous dealings with the customer. However, the firm should also consider whether the passage of time could have affected the validity of the information and whether it is appropriate to update it."*

Mr W originally declared his gross annual income to be £36,800. So this would cover his expected income for the year. This lending decision for the credit limit increase was made in the same calendar year, and so was the affordability assessment Virgin Money completed, showing a four figure disposable monthly income.

So I'm not persuaded that it would have been proportionate for Virgin Money to complete another affordability assessment here, especially as they were in the same calendar year of the original affordability assessment, there was no adverse information being reported from the CRA's, how Mr W managed his account since it had been opened, the high disposable income at the original affordability assessment, and the fact that Virgin Money had been told from the CRA the increased monthly credit commitments since the Virgin Money credit card had been opened. And I can't see that he informed Virgin Money of any changes to his circumstances prior to the credit limit increase, which I would expect him to do if he had any changes which would affect his ability to make repayments to the account.

So I'm persuaded that Virgin Money's checks were proportionate here, and they made a fair

lending decision to increase the credit limit to £11,600.

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 20 November 2025.

Gregory Sloanes
Ombudsman