

The complaint

Mr M complains Clydesdale Bank Plc trading as Virgin Money (“Virgin Money”) was irresponsible in its lending to him.

What happened

Mr M says Virgin Money didn’t carry out adequate affordability checks before providing him with a credit card account in September 2019 with a £3500 credit limit. He said at that time he was already struggling with other credit cards and Virgin Money didn’t ask him for any proof of income or expenses before approving the application. Mr M said the later increase in December 2023 of his credit limit to £7000 made his situation worse. He was only making minimum payments and now found most of his monthly income went towards debt repayment and he was left with nothing for everyday living.

Virgin Money told Mr M the decision to approve his application was based on details he provided about his personal income and that of his household. It also relied on information held with Credit Reference Agencies about the performance of other products he held. It said this was reviewed against its lending criteria at the time, before the account was opened. And, based on its assessment, an appropriate and affordable credit limit was granted. Virgin Money said for the credit limit increases there were no concerns at the time they were increased. So, it deemed the account and limit increases were appropriate given Mr M’s circumstances at the times of approval. Virgin Money didn’t uphold his complaint.

Mr M wasn’t satisfied with this decision. He thought the assessment overlooked the reality of his financial circumstances, both at the time of the lending and the subsequent credit limit increases. He told Virgin Money that, despite his declared personal and household income, the affordability checks it carried out didn’t reflect his actual level of disposable income or financial commitments at the time. He said no supporting documents were requested nor was a deeper assessment made of his ability to sustainably manage increased levels of debt. He said the credit limit increase in December 2023 was highly inappropriate as he was already under financial strain throughout that year - and in the year before - due to significant reduction in his income. Mr M said the reduction was caused by strikes in his industry and following an operation in August 2022. He brought his complaint to this service in May 2025.

Our investigator didn’t uphold this complaint. She said the checks Virgin Money carried out before the initial lending decision didn’t suggest the lending was irresponsible as she found no evidence that Mr M was in financial difficulty or unable to sustainably afford the repayments. But she did think Virgin Money should have done more before increasing the credit limits to £6000 in November 2021 and £7000 in December 2023. She found, although Virgin checked the credit bureau score and customer indebtedness on both occasions, it didn’t reassess his income or review how Mr M had been managing his existing credit accounts in the months prior to the increases. So, she didn’t think the checks Virgin Money made were sufficient and proportionate. Our investigator went on to look at what, had such checks been undertaken, they would likely have shown the bank.

Our investigator considered Mr M’s bank statements in the three months before each of the increases and his credit file. In both instances she thought they would have shown Mr M as

able to manage the increased limit. So, she didn't think Virgin Money had acted unfairly when increasing the credit limit on either occasion. Mr M told us he still thought there was an issue and asked for more time to pursue this and to gather evidence. The case has now been passed to me to review all the information and make 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.

Having done so I've come to the conclusion this isn't a complaint I can properly uphold. I'll explain why.

The approach this service takes to complaints about unaffordable and irresponsible borrowing 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. Our investigator has accurately summarised this and set out the details of the credit agreement - both the initial amount and the two limit increases - in her view. So, I shan't repeat all of that here.

As our investigator 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.

I've looked at the initial grant of credit and the increases separately when thinking about whether Virgin Money completed proportionate and reasonable checks to satisfy itself that Mr M would be able to repay the card in a sustainable way. I'll deal with each in turn.

The initial application in 2019

I can see from the application records Virgin Money have sent us that it asked Mr M about his employment and income and carried out a credit check before lending to him. Mr M told Virgin Money he was employed full time with an annual income of £35,000. He also self-declared a household income of £100,000. Virgin Money told us it only utilises household income calculations where there is evidence of a financial association. The records show Virgin Money found such an association in this check. And that it then verified the household income Mr M disclosed, using Credit Account Turnover (CATO) data and used that for its affordability calculations.

The credit check didn't raise any concerns that Mr M was struggling financially and reflected the revolving and fixed credit accounts set out in the investigators view. And there were no defaults or CCJ's reported. Based on this information Virgin Money calculated a low debt to income ratio and considered there was a surplus of income. Considering all this, I think the checks undertaken by Virgin Money before first lending to Mr M were reasonable and proportionate.

I appreciate Mr M's view is the initial checks weren't sufficient, and he was struggling financially when he applied in 2019. But on the information before me, I don't think there were signs of significant financial difficulties warranting further checks. So, I find the original decision to lend was fair.

the increase in the credit limit to £6000 in November 2021

Virgin Money's records show, when it decided to increase the limit from £3500 to £6000 in November 2021, it made a credit check. But this didn't reveal how Mr M managed his existing credit in the months prior to the increases. Nor was there any record of Mr M's income being verified or an affordability assessment. Although the credit search showed Mr M's credit bureau score and total unsecured - entirely revolving - debt of just over £5000 - I'm not satisfied these checks were reasonable and proportionate given the amount of the limit increase.

So, I've thought about what such checks, most likely, would have shown around that time, had they been completed. And I've done so by looking at Mr M's credit file and his bank statements around and in the run up to November 2021. Our investigator has accurately summarised the top line of his income and expenses at the time in the view, so I shan't repeat it. After expenses and payments to service his existing debts, there was disposable income of almost £800 from which repayments appeared manageable. His current account was maintained within agreed limits and the statements show Mr M was able to make significant payments to a savings account in the months immediately before the credit increase. His credit file also showed his other debt was well managed. Based on this, I do not find I can say that further checks would have suggested this borrowing was unaffordable for Mr M in November 2021. So, I can't uphold this part of the complaint.

the increase in the credit limit to £7000 in December 2023

The checks undertaken by Virgin Money on this occasion mirrored those for the 2021. An increase in the bureau score was noted and total unsecured debt - again all revolving - stood just over £5000. Again, there was no assessment of income or payment history in the months immediately before. So, I'm not persuaded the checks were reasonable and proportionate at this point.

I've gone on to look at what such checks would likely have shown at that time, again with reference to his bank statements and credit file. They show a similar picture to before and based on this I do not find I can say that further checks would have suggested this borrowing was unaffordable for Mr M in 2023. I'm also mindful that Virgin Money's records show on 15 August 2023 Mr M changed his preference for future credit limit increases to automatic credit limit increases.

I appreciate Mr M says the assessment carried out overlooked the reality of his financial situation at the time. He says most of his disposable income went on servicing his debt. And his income was compromised for several reasons during 2022 and 2023. But I can't see that reflected in the bank statements.

Across both the time periods the current account statements show Mr M is making payments to a savings account, albeit in more significant amounts in 2021. The credits for his salary appear broadly consistent. And the bank statements show Mr M managing the current account either in credit or within its authorised overdraft. And credit file continues to show no defaults, CCJ's or IVA's and overall good management of his other credit commitments. Nor is there any record of him notifying Virgin Money of any difficulties. So, again, I do not find I can say that further checks would have suggested this borrowing was unaffordable for Mr M in December 2023. So, I can't uphold this part of the complaint.

As a final exercise, I've also thought about whether Virgin Money, in another way, acted unfairly or unreasonably towards Mr M. Particularly, whether its relationship with him 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 Mr M to accept or reject my decision before 20 January 2026.

Annabel O'Sullivan
Ombudsman