

The complaint

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

What happened

Mr M was approved for a Virgin Money credit card in October 2016, with a £4,000 credit limit. Mr M says that this was irresponsibly lent to him, and he made a complaint to Virgin Money. He said his card expired in September 2019, and it wasn't re-issued due to poor account management, therefore he felt it was unfair to still be charged interest on the account after this date.

Virgin Money did not uphold Mr M's complaint. They said after they completed their checks, an affordable and appropriate credit limit was assigned to him. They said Mr M agreed to the terms of the account, which confirmed the interest rates and fees. Mr M brought his complaint to our service.

Our investigator upheld Mr M's complaint. He said after repayments were made on a £4,000 credit limit Mr M would not have a sufficient disposable income for the lending to be affordable. Virgin Money asked for an ombudsman to review the account. They said if Mr M had paid £80 a month he would have cleared the balance transfer amount within the promotional interest free period.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

"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 Mr M, 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.

The information showed that Mr M 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 M declared a gross annual income of £23,040, which Virgin Money calculated to be around £1,569.53 net a month.

The CRA informed Virgin Money that Mr M had unsecured debt of £0, but Mr M had requested a balance transfer from Virgin Money for £1,750. So I'm persuaded that he likely recently made a purchase (or intended to shortly), and this was not yet reflected on his credit file.

Virgin Money completed an affordability assessment for Mr M. They used information that Mr

M had provided, and modelling to estimate Mr M's outgoings. The affordability assessment suggests that Mr M would be able to afford sustainable repayments for a £4,000 credit limit.

I've considered what Virgin Money have said about Mr M being able to clear the balance transfer amount during the promotional period if he paid £80 a month. But Mr M had a credit limit of £4,000, not the £1,750 he intended to transfer. And I need to be mindful that the repayments for a £4,000 credit limit need to be affordable and sustainable for Mr M even after any promotional interest offer ends, as the account is open ended, and wouldn't finish after the promotional period ends.

So based on £4,000 being a relatively large amount of Mr M's declared gross annual income, and there being a relatively low disposable income after sustainable repayments would be made if Mr M utilised the full £4,000 credit limit, then I'm persuaded that Virgin Money should have completed further checks to ensure the lending would be affordable and sustainable for him.

There's no set way of how Virgin Money should have made further proportionate checks. One of the things they could have done was to contact Mr M to verify his outgoings, and to ensure he could make sustainable and affordable repayments for the credit limit offered. Or they could have asked for his bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for him.

I asked Mr M to provide his bank statements leading up to this lending decision. But Mr M has been unable to provide these to me by the deadline set, even though I extended the deadline on more than one occasion to provide this information.

So on the face of it, it does look like Virgin Money should've looked more closely into this. But as my role is impartial, that means I have to be fair to both sides and although I'm satisfied that Virgin Money should've done more checks here – I can't say whether further checks would've revealed further information which means they wouldn't have lent. So as Mr M hasn't provided me with the information I asked him for, that means that it wouldn't be fair for me to say that Virgin Money shouldn't have lent here, because I don't know what further checks would reveal.

I've considered what Mr M has said about how the interest should be refunded after September 2019 as he wasn't provided with a new credit card based on his account management. But the terms of the account are clear with how interest is charged (section 7 of the terms).

So it wouldn't be proportionate for me to ask Virgin Money to refund any of the interest based on Mr M not having a working Virgin Money credit card when his original card expired, as Virgin Money have not acted outside of the agreed terms 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 can't conclude that Virgin Money lent irresponsibly to Mr M 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."

I invited both parties to let me have any further submissions before I reached a final decision. Virgin Money did not respond to the provisional decision. Mr M responded to the provisional decision. In summary, he said that he understood the findings, as he had been unable to obtain the bank statements. Mr M said he would like Virgin Money to put in place for him a repayment plan with the interest to be frozen. He said if a repayment plan could be put in place he would be very happy.

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.

I've considered what Mr M has said about a repayment plan to be put in place for him. While I won't be instructing Virgin Money to put a repayment plan in place for Mr M as part of this decision, I would like to remind Virgin Money of their responsibilities if a borrower contacts them in financial difficulty. I would expect Virgin Money to show forbearance to Mr M, to look at what options are the most suitable for his current circumstances, and to explain any impact that the options may have on him/his credit file.

I must make Mr M aware that the assistance Virgin Money may be able to provide him could impact his credit file, and he would need to be prepared to discuss as a minimum his income and expenditure with Virgin Money to see what option(s) is currently best for him. Mr M may wish to make a note of the date, time, and who he speaks to at Virgin Money when he contacts them, so if he is dissatisfied with the outcome of the call, he can make a complaint to Virgin Money.

In summary, Mr M's response hasn't changed my view, and my final decision and reasoning remains the same as in my provisional decision. If Mr M is disappointed, I hope he understands my reasons.

My final decision

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 3 September 2025.

Gregory Sloanes
Ombudsman