

The complaint

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

What happened

Mr F was approved for a Virgin Money credit card in December 2024 with a £7,500 credit limit. Mr F says that this was lent irresponsibly to him. Mr F made a complaint to Virgin Money who did not uphold his complaint. They said an appropriate and affordable credit limit was assigned to him. Mr F brought his complaint to our service.

Our investigator did not uphold Mr F's complaint. She said Virgin Money made a fair lending decision as the repayments would appear affordable. Mr F asked for an ombudsman to review his complaint. He said at the time he applied for this credit card he had already exhausted his £5,000 overdraft.

Mr F said his bank statements would show cryptocurrency transactions, and his bank wouldn't approve another £5,000 overdraft for him. Mr F said that he had already taken out two loans totalling £30,000 in November 2024, and this along with the compulsive behaviour evident on his bank statements should have prevented Virgin Money from opening the credit card.

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 Mr F, 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 F had no County Court Judgements (CCJ's) or defaults being reported by the Credit Reference Agency (CRA) that they used, and no accounts in arrears at the time of the checks. Mr F declared a gross annual income of £165,000. But as they could only verify income of £156,750, they used the lower figure here, which Virgin Money calculated to be around £7,905 net a month.

The CRA informed Virgin Money that Mr F had unsecured debt of £30,359 so he would have had a debt to declared gross annual income ratio of around 18.4%. So Virgin Money were aware of the level of debt Mr F had. From this £30,359, only £8,723 was showing as non-revolving debt (for example personal loans/hire purchase agreements).

I've considered what Mr F has said about the £30,000 of personal loans he recently opened before applying for this account. But Virgin Money are entitled to rely on the information they

are given from a CRA. I think one of two things is likely to have happened here for the discrepancy. The most likely reason would be that it typically takes 4-6 weeks for a credit file to update, so it's probably that Mr F's credit file hadn't been updated prior to the checks Virgin Money carried out (which I couldn't hold Virgin Money responsible for this).

The other reason could be that Mr F's lenders may not report to all of the available CRA's. But regardless of the reason for the difference, Virgin Money would have no reason to doubt what the CRA reported to them. They would not be aware that Mr F's bank had declined him for a further £5,000 overdraft, and the revolving debt showing for Mr F was combined, so they would not be aware that Mr F was £5,000 overdrawn.

I can see that Mr F requested a money transfer, so it would not be unusual for someone to take advantage of a money transfer promotional interest rate to pay off debts such as an overdraft which may be charged at a much higher interest rate – even when a promotional offer ends.

Virgin Money completed an affordability assessment for Mr F. They used information that Mr F had provided, and they were able to obtain information from a CRA about Mr F's monthly credit commitments (albeit the CRA wouldn't have been reporting the monthly credit commitments for the two new loans as the CRA wasn't showing these accounts). Virgin Money also used modelling to estimate Mr F's other outgoings, which is an industry standard way of estimating outgoings.

The affordability assessment suggests that Mr F would be able to afford sustainable repayments for a £7,500 credit limit. So based on their being no adverse information on his credit file, and the results of the affordability assessment, then it wouldn't have been proportionate for Virgin Money to complete further checks such as requesting his bank statements.

I've considered what Mr F has said about his compulsive spending and cryptocurrency transactions and if Virgin Money would have looked at his statements, then they would have seen this. But based on the checks Virgin Money completed, it wouldn't have been proportionate for them to request Mr F's bank statements or use open banking (if they had this available to them).

So I'm persuaded that Virgin Money's checks were proportionate, and 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 can't conclude that Virgin Money lent irresponsibly to Mr F 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 F to accept or reject my decision before 4 December 2025.

Gregory Sloanes
Ombudsman