

## **The complaint**

Mr L complains that Clydesdale Bank Plc trading as Virgin Money lent irresponsibly when it approved his credit card application.

## **What happened**

Mr L applied for a Virgin Money credit card in November 2021. In his application, Mr L said he had an annual income of £33,900 that Virgin Money calculated left him with around £2,226 a month after deductions. A credit search was completed that found Mr L had existing debts of around £10,600. No adverse credit, defaults or recent arrears were noted on Mr L's credit file. Virgin Money also applied estimates for Mr L's regular outgoings and housing costs. After applying its lending criteria, Virgin Money says Mr L had a disposable income of around £1,075 a month. Virgin Money approved Mr L's application and issued a credit card with a limit of £5,900.

More recently, Mr L complained that Virgin Money lent irresponsibly and issued a final response. Virgin Money said it had carried out the relevant lending checks before approving Mr L's application and didn't agree it lent irresponsibly.

An investigator at this service looked at Mr L's complaint. They thought that given the size of the new credit limit in addition to Mr L's existing debts Virgin Money should've carried out more detailed checks before deciding whether to lend. The investigator looked at three months of bank statements from before the application was approved. They thought Mr L's bank statements showed he was able to sustainably afford a new credit card with a £5,900 limit and didn't uphold his complaint.

Mr L asked to appeal and pointed to regular gambling on his bank statements as a sign he wasn't able to afford further credit. As Mr L asked to appeal his complaint has been passed to me to make a 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.

Before agreeing to lend, the rules say Virgin Money had to complete reasonable and proportionate checks to ensure Mr L could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information that Virgin Money used when considering Mr L's application above. Virgin Money's told us it used a service provided by the credit reference agencies known as CATO to help verify Mr L's income level. But given Mr L's existing debts and the size of the new credit limit, I think the investigator's view that additional checks may've been required is reasonable. So I've gone on to look at Mr L's bank statements for the three months before his application to Virgin Money was made.

Mr L's bank statements show that in the three months before his application was made he had an average monthly income of £2,010, a little lower than the figure Virgin Money used. I found Mr L had an average disposable income of around £1,000 after his existing commitments and outgoings were met. I think that strongly indicates that the new Virgin Money credit card with a £5,900 was likely to be affordable. In my view, even if Virgin Money had completed more detailed lending checks it's more likely than not it would've still approved his application.

With the above said, I can see that in response to the investigator's view of his complaint Mr L said his bank statements showed use of buy now pay later credit along with gambling transactions. Whilst I take Mr L's point, I didn't see a large number of buy now pay later transactions and the ones I did see were generally of a reasonably low value. In addition, I could see gambling transactions but not at a level I'd have expected Virgin Money to have taken the view it wouldn't be able to proceed with his application. I can see Mr L made regular payments to an online trading platform, but the level of transactions appeared to be sustainable for him in addition to his existing commitments.

I can see our investigator completed an income and expenditure assessment taking Mr L's trading activities and gambling payments into account and still felt he had sufficient disposable income to sustainably afford the new credit card. I've reached the same position for largely the same reasons.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Virgin Money lent irresponsibly to Mr L or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I'm very sorry to disappoint Mr L but as I haven't been persuaded Virgin Money lent irresponsibly or otherwise treated him unfairly I'm unable to uphold his complaint.

### **My final decision**

My decision is that I don't uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 15 December 2025.

Marco Manente  
**Ombudsman**

