

The complaint

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

What happened

Mr J was approved for a Virgin Money credit card in April 2022, with a £3,000 credit limit. Mr J says that this was irresponsibly lent to him. Mr J made a complaint to Virgin Money, who did not uphold his complaint. Virgin Money said that they were unable to agree they acted incorrectly as they deemed the credit limit to be appropriate for Mr J's circumstances at the time it was approved. Mr J brought his complaint to our service. He said Virgin Money didn't act on his vulnerabilities, or the fact he was in persistent debt.

Our investigator did not uphold Mr J's complaint. She said that Virgin Money acted fairly, and Mr J was not in persistent debt. Mr J asked for an ombudsman to review his complaint. He made a number of points. In summary, he said that Virgin Money's checks were not proportionate as he declared £56,000 of gross annual income, but they could only verify £45,000 gross annual income, therefore they should have verified his income and expenditure as opposed to relying on estimates.

Mr J said that the key test is whether repayments could be met from his real disposable income without hardship or further borrowing, and that wasn't shown here. He said Virgin Money should have identified and responded to indicators of vulnerability and financial difficulty from the account conduct, and he requested Virgin Money's correspondence they sent him regarding persistent debt to be obtained.

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 J'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.

Before agreeing to approve the credit available to Mr J, 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 J had no County Court Judgements (CCJ's) or defaults being reported by the Credit Reference Agency (CRA), and no accounts in arrears at the time of the checks.

Mr J declared a gross annual income of £56,000. But Virgin Money didn't just take Mr J's word for his income, they made a further check using a CRA. The CRA could not validate the £56,000 income, so they used Current Account Turnover (CATO) to assess Mr J's income at £45,000.

I've noted the strength of feeling that Mr J has that the discrepancy should have prompted further checks here, but I'm not persuaded that would be proportionate. Mr J has not told us that he overestimated his income as part of this application (and this could be considered fraudulent if he did do this), but Virgin Money completed an affordability assessment based on a lower income than what Mr J likely had at the time. And because they used the lower figures, it wouldn't have been proportionate for Virgin Money to request Mr J's payslips to see if he was earning less than £45,000 a year that CATO could verify.

The CRA informed Virgin Money that Mr J had unsecured debt of £4,906. As I've already mentioned, Virgin Money completed an affordability assessment for Mr J. But Mr J was showing as having a financial associate, so Virgin Money completed a household affordability assessment to see if Mr J would be able to afford repayments for the £3,000 credit limit.

I'm persuaded that it was fair for Virgin Money to expect Mr J wouldn't pay all of the household outgoings, and this is why it would be fair to consider what his financial associate would be paying also towards the outgoings. While his financial associate wouldn't be responsible for paying any of the repayments on the Virgin Money credit card, it wouldn't be fair to include outgoings that Mr J wouldn't be paying towards his expenditure either.

The affordability assessment shows repayments for the £3,000 credit limit should be affordable and sustainable for Mr J – and even if his financial associate's income was removed from the affordability assessment then it would still appear to be affordable and sustainable. But I've noted that there were no essential expenditure figures showing in the affordability assessment. So I find it unlikely that the household didn't have any living costs/council tax/utility bills etc. So I'm persuaded that Virgin Money should have completed further checks.

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 J to find out what his essential expenditure was and to ensure he could afford the repayments on the Virgin Money credit card. 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.

Mr J has provided our service with statements from two different companies during the timeframe leading up to this lending decision. But neither of the statements show a salary. Mr J has told us that his other banks have closed his accounts, and he cannot get access to statements that old.

I gave Mr J the opportunity to reach out to any other places he used to bank with to obtain his statements as it's possible they would still hold statements for Mr J even if he no longer banks with them given that the statements requested are less than four years ago, but Mr J did not respond by the deadline I set, even though this would have allowed time to receive statements by post, and he didn't ask for a further extension, therefore I'm unable to consider any other statements apart from the ones he's already sent us.

One of the statements Mr J provided was for another credit account. He did not exceed his credit limit or make late payments. He made repayments which were a lot larger than his requested minimum repayment which I wouldn't expect him to be able to make if he was struggling financially at the time.

The other statements Mr J sent our service were for a bank account. There were times where Mr J used an arranged overdraft, but using an overdraft does not automatically follow that Mr J wouldn't be able to make repayments for the £3,000 credit limit. I did note on one occasion there was an unpaid direct debit, but on the same day Mr J received a £612 payment with the reference of "rent", and he also transferred £2,240 into his account. So it would appear to Virgin Money that he had funds in another account.

The statements Mr J have sent our service do not by themselves show that the lending Virgin Money provided him was unaffordable or unsustainable, and they also show income through a state benefit, which would appear to be Mr J's income as it is a sole account he's sent us the statements for. But I'm unable to definitively say whether the lending was fair or not as Mr J hasn't provided me with all of the information I asked him for.

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 J hasn't provided me with all of 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 J has said about persistent debt. But Mr J did not trigger this, therefore there were no communications sent to him about being in persistent debt. And he had a £0 outstanding balance on his account at the end of 2023, and January 2024. From the account notes I can see that Mr J tried twice in late 2022, and November 2024 to get a credit limit increase on his Virgin Money credit card, but they didn't agree to this. Mr J incurred no late or overlimit fees that I could locate prior to June 2025 when the system notes showed he first got in touch with them.

I can see that Mr J made an offer for a repayment of £5 a month in the last year, and Virgin Money applied a hardship status to the account then also. Prior to this, Mr J's payment pattern was consistent, often repaying more than his minimum repayment, and while I'm empathetic to Mr J's current financial situation, I can't fairly say there were indicators from any contact he's had with them showing on the system notes which appeared that he was vulnerable where Virgin Money should have stepped in or taken other action prior to him making this complaint to Virgin Money.

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 J 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 J to accept or reject my decision before 4 February 2026.

Gregory Sloanes
Ombudsman