

The complaint

Miss B complains that Clydesdale Bank Plc trading as Virgin Money irresponsibly lent to her.

What happened

Miss B was approved for a Virgin Money credit card in May 2021, with a £10,400 credit limit. Miss B says this was irresponsibly lent to her. She says she had serious life events after the account had been opened, and she had financial difficulty, but Virgin Money didn't assist her. Miss B made a complaint to Virgin Money, who did not uphold her complaint. They said after the lending checks were completed, an appropriate and affordable credit limit was assigned. Miss B brought her complaint to our service.

Our investigator did not uphold Miss B's complaint. He said Virgin Money weren't aware of the serious life events that Miss B mentioned, so without them being informed, they couldn't provide targeted support, earlier than when they were contacted by a debt advice charity in May 2024. He said Virgin Money made a fair lending decision.

Miss B asked for an ombudsman to review her complaint. She made a number of points. In summary, she said that she would like an ombudsman to consider the impact of her mental health conditions, and her serious life events on her ability to manage or communicate regarding her finances, Virgin Money's duty under the regulator's guidance to identify and support potentially vulnerable customers, and whether additional forbearance or interest relief could have been appropriate once signs of financial difficulty occurred.

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'd like to start off by thanking Miss B for being open and honest regarding telling us about the serious life events she's had since the Virgin Money credit card has been opened. I can assure her that I've read everything she's told us about these events. Although I won't go into great detail about what she's told us in this decision, to protect her identity, I wanted to reassure her that I've read everything she's said.

Before agreeing to approve the credit available to Miss B, Virgin Money needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. 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 Miss B had no County Court Judgements (CCJ's) or defaults being reported by the Credit Reference Agency (CRA) that Virgin Money used, and no accounts in arrears at the time of the checks, although she did have an account in arrears 60 months prior to the checks. But as this was five years earlier, I'm not persuaded that this

would impact the application here as Miss B hadn't had an account in arrears since then.

Miss B declared a gross annual income of £50,000. The CRA informed Virgin Money that Miss B had unsecured debt of £37,632. Virgin Money completed an affordability assessment for Miss B. But Miss B was showing as having a financial associate, so Virgin Money completed a household affordability assessment to see if Miss B would be able to afford repayments for the £10,400 credit limit.

I'm persuaded that it was fair for Virgin Money to expect Miss B wouldn't pay all of the household outgoings, and this is why it would be fair to consider what her financial associate would be paying also towards the outgoings. While her 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 Miss B wouldn't be paying towards the household expenditure either.

Virgin Money used information from Miss B such as her housing costs, data from the CRA regarding her monthly credit commitments and modelling to estimate Miss B's other outgoings, which is an industry standard way of estimating outgoings. The affordability assessment suggests that Miss B would be able to afford sustainable repayments for a £10,400 credit limit.

Miss B also told Virgin Money on her application that she wanted to complete a balance transfer(s) for £9,000. So I wouldn't expect Miss B's overall debt to increase by £10,400 as she told Virgin Money she would be using £9,000 to pay this off other cards she had in her name.

So based on there being no recent adverse information on Miss B's 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 Miss B's bank statements. So I'm persuaded that Virgin Money's checks were proportionate here, and they made a fair lending decision.

I've considered what Miss B has said about her life events. I can empathise with what Miss B has told us about what happened during this time, and I don't doubt the impact these events would have had on her and her mental health, or her ability to communicate about her finances. But as my role is impartial, I can't fairly say that Virgin Money would or should have known Miss B was going through these serious life events either as she did not contact them to inform them of her situation at the time.

So I've looked at Miss B's account management to see if Virgin Money should have identified Miss B as a vulnerable customer, or stepped in to see if there was assistance they should have offered her prior to them receiving the debt advice charity communication.

The first time Miss B incurred a late payment fee was around January 2023, but the following statement period, total payments reached her account for £1,423.51. A couple of months after this Miss B incurred two more late payment fees. Miss B wasn't actually late with both payments, but the reason why one of these appears to be charged was because Miss B paid less than the minimum repayment.

But after these two late payment fees were charged, Miss B paid £524.88, so I'm not persuaded it would appear to Virgin Money that she was financially struggling at the time if she was able to make a payment this high. Later in 2023 (around August) she incurred a late payment fee, but the following month she made payments totalling £608.08, so again, it wouldn't appear to Virgin Money that she was financially struggling at this point.

Miss B was sent a persistent debt letter on 5 September 2023. Although this meant Miss B had paid more in interest/fees/charges than the principal over the previous 18 months, this doesn't automatically follow that someone is in financial difficulty. But it can be a sign of financial difficulty. But in September 2023, as mentioned in the previous paragraph, Miss B made repayments totalling £608.08, so I can't fairly say they should have done something different at this point.

Between December 2023 – April 2024 Miss B made higher repayments than her requested minimum repayment, which again would not appear to Virgin Money that Miss B was financially struggling at the time or vulnerable. So it would appear to Virgin Money that May 2024 was the first time that Miss B was financially struggling when they were contacted by the debt advice charity.

So I can't conclude that Virgin Money would have reason to believe Miss B was vulnerable or financially struggling based on her account management. While she did have some late payments, as she brought the account up to date in a relatively short period of time, then this would look like poor account management as opposed to someone who is going through serious life events and financially struggling. Of course, this does not detract from the impact Miss B must have been going through at the time, but I can't fairly say that Virgin Money would have had cause to step in and offer forbearance to Miss B during this time (such as interest rate relief).

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 Miss B or otherwise treated her 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 Miss B to accept or reject my decision before 25 February 2026.

Gregory Sloanes
Ombudsman