

Complaint

Mr M has complained about credit cards Clydesdale Bank Plc (trading as “Virgin Money”) provided to him. He says his financial situation was not considered adequately and this resulted in him being issued with credit cards which he couldn’t afford the repayments for.

Background

Virgin Money provided Mr M with two credit cards.

The first credit card was provided with a credit limit of £4,200.00 in December 2020. The credit limit was never increased and the account was closed in March 2023.

The second credit card was provided with a credit limit of £4,000.00 in January 2024. The credit limit on this account was also never increased. And this account was closed in September 2024.

One of our investigators reviewed what Mr M and Virgin Money had told us. And she eventually reached the conclusion that Virgin Money hadn’t done anything wrong when providing him with either of these credit cards. So she didn’t think that Mr M’s complaint should be upheld.

Mr M disagreed and asked for an ombudsman to look at the complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr M’s complaint.

Having carefully considered everything, I’m not upholding Mr M’s complaint. I’ll explain the reasons for my decision in a bit more detail.

Virgin Money needed to make sure it didn’t lend irresponsibly. In practice, what this means is Virgin Money needed to carry out proportionate checks to be able to understand whether Mr M could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Virgin Money says it agreed to provide Mr M with these credit cards after it carried out a credit search and obtained some information on his income and expenditure. The information obtained suggested that Mr M had some existing debts but these were well managed and reasonable in comparison to his income. In Virgin Money's view, the information obtained indicated that Mr M would be able to make the monthly repayments due for these credit cards at the time that they were provided.

On the other hand, Mr M says that this credit card shouldn't have been provided to him.

I've considered what the parties have said.

What's important to note is that Mr M was provided with a revolving credit facility rather than a loan. And this means that Virgin Money was required to understand whether credit limits of £4,200.00 and £4,000.00 could be repaid within a reasonable period of time, rather than all in one go. Credit limits of £4,200.00 and £4,000.00 weren't small nonetheless they didn't require huge monthly payments in order to clear the full amount owed within a reasonable period of time.

From the information provided, it appears as though Mr M declared having an annual income of £34,000.00 at the time of the first application and £43,000.00 at the time of his second application. There has been some suggestion that Mr M may have been earning less than £34,000.00 at the time of the first application. It is unclear to me why Mr M declared earning £34,000.00 if he earned significantly less than this.

Nonetheless, it seems to me that Virgin Money cross-checked this information against information from credit reference agencies on the total amount of funds that went into his bank account each month. This suggested that the total amount of funds going into Mr M's account each month suggested that Mr M's declaration was plausible. As this is the case and the starting point here is that Mr M made a declaration of his income that he now says was inflated, I'm satisfied that Virgin Money was reasonably entitled to rely on Mr M earning £34,000.00 at the time of the first application and £43,000.00 at the time of the second one.

Virgin Money's credit check did indicate that Mr M did have some existing debts. But it's fair to say that these were being relatively well managed. For example, there was no significant adverse information such as defaulted accounts, county court judgements or insolvencies recorded against Mr M. Indeed, the information Virgin Money relied on suggests that Mr M total unsecured debts wasn't unreasonable compared to his cross-checked declaration of income at the respective times.

It could be argued that bearing in mind the total amount Mr M could end up owing on these cards, Virgin Money ought to have done more to find out about his non rent/mortgage related living expenses, before it accepted his applications. However, I'm not persuaded that it doing so would have made a difference in either instance.

I say this because it looks like when Mr M's regular and committed living expenses are added to his credit commitments and then deducted from what Virgin Money legitimately relied on as being his income, Mr M did have sufficient funds left over in order to make sustainable repayments to these credit cards.

I also have to keep in mind that Mr M's most recent submissions are being made in support of a claim for compensation and any explanations Mr M would have provided at the respective times are more likely to have been with a view to persuading Virgin Money to lend, rather than highlighting any unaffordability.

In circumstances where Mr M appears to be arguing that his declaration of income may have been exaggerated, it's difficult for me to reach the conclusion that had he been asked about his non rent/mortgage related living expenses, he would have declared that an amount that meant he didn't have sufficient funds to be able to make the repayments to these credit cards. I think it unlikely that Mr M would have suggested that Virgin Money shouldn't lend to him because of his living expenses.

In reaching my conclusions, I've also considered whether the lending relationship between Virgin Money and Mr M might have been unfair to Mr M under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Virgin Money irresponsibly lent to Mr M or otherwise treated him unfairly in relation to these credit cards. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall and having considered everything, I don't think that Virgin Money treated Mr M unfairly or unreasonably when providing him with his credit cards. And I'm therefore not upholding Mr M's complaint. I appreciate this will be very disappointing for Mr M. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 3 November 2025.

Jeshen Narayanan
Ombudsman