

## **Complaint**

Mr M has complained about a credit card Clydesdale Bank Plc (trading as “Virgin Money”) provided to him. He says he shouldn’t have been provided with a credit card as it was unaffordable for him.

## **Background**

Virgin Money provided Mr M with a credit card with a limit of £10,000.00 in April 2018. The credit limit on the card was never increased.

One of our investigators reviewed what Mr M and Virgin Money had told us. And he thought Virgin Money hadn’t done anything wrong or treated Mr M unfairly. So he didn’t recommend that Mr M’s complaint be upheld.

Mr M disagreed and asked for an ombudsman to look at his 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’ve decided not to uphold Mr M’s complaint. I’ll explain why in a little 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 Mr M’s application for a credit card after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr M would be able to make the monthly repayments due on a credit limit of £10,000.00. On the other hand, Mr M says that he shouldn’t have been lent to.

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 a credit limit of £10,000.00 could be repaid within a reasonable period of time – not all in one go. It's fair to say that a credit limit of £10,000.00 wouldn't have required especially large monthly repayments, in order to clear the full amount owed within a reasonable period of time.

From the information provided, it looks like Mr M declared that he was employed and earning £55,000.00 a year. There isn't anything to indicate that this was inaccurate. Indeed, the information Mr M has provided suggests that his annual income was around this figure. So whether this was or wasn't checked I don't think that this matters too much in this instance.

Virgin Money's credit check also did not indicate that Mr M had had any recent previous difficulties repaying credit – such as defaulted accounts or county court judgements - either. Having seen these results, it's arguable that the information that Virgin Money gathered shows that it was fair and reasonable for to offer Mr M a credit card.

That said as Mr M was given a credit limit of £10,000.00, I do think that there is a reasonable argument for saying that it would have been reasonable and proportionate for Virgin Money to have found out a bit more about Mr M's regular non-discretionary living costs before agreeing to this credit card.

However, I'm not persuaded that Virgin Money doing this here would have made a difference to its decision to lend. I say this because Mr M hasn't provided sufficient evidence to show that his living expenses at the time of this application meant that he couldn't afford the monthly payments to this credit card, or that he shouldn't have been lent to. So I can't see that requesting further information about Mr M's actual living costs, would have shown Virgin Money that it shouldn't have provided this credit card to him.

I've noted that Mr M has said that he took on a mortgage in May 2018 and this resulted in this credit card being unaffordable. However, this mortgage went through after Mr M had already been provided with this credit card. Furthermore, Mr M declared his mortgage/rent costs as £0 at the time of this application. Given this mortgage wouldn't yet have shown on any credit search and Mr M didn't declare it, I can't see how Virgin Money could have been aware of it or factored this into its decision on whether to lend to Mr M.

For the sake of completeness, I would also add that while Mr M has carried out a line-by-line analysis of his bank statements and referred to all of the payments going out of his bank account, he is relying on information that Virgin Money didn't have and wasn't required to obtain either. Furthermore, Mr M has also said that some of these agreements weren't in his name so they wouldn't have shown up on the credit search either. As this is the case, I don't think that Mr M's analysis of his disposable income means that he shouldn't have been lent to in the way that he now argues.

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've not been persuaded that Virgin Money irresponsibly lent to Mr M or otherwise treated him unfairly in relation to this matter. 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 while I'm sorry to hear that Mr M found making his credit card payments a struggle and went on to experience difficulty, I don't think that Virgin Money treated Mr M

unfairly or unreasonably when providing him with his credit card. And I'm 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 15 December 2025.

Jeshen Narayanan  
**Ombudsman**