

The complaint

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

What happened

Miss B took out a credit card with Virgin, in June 2016. The credit limit given to Miss B was £6,000 and this hasn't been increased. Around £5,500 of this was used for a balance transfer at a promotional rate of 0% interest for 30 months. The credit limit was decreased by Virgin on two occasions. The first reduction took place in March 2019 when Miss B's credit limit was reduced to £5,500. This was followed nearly a year later with a reduction in February 2020 to a credit limit of £4,700. In June 2022 Miss B repaid the credit card in full.

In May 2025, Miss B complained to Virgin saying it had treated her unfairly by lending to her irresponsibly. Miss B said this had an adverse effect on both her finances and her mental wellbeing. She explained at the time of the lending she was in an abusive relationship, had recently taken out other loans including pay day loans, and had a gambling addiction. Miss B feels that if Virgin had completed proper checks, it would have known that she was struggling financially and couldn't afford further credit.

To put things right Miss B asked Virgin to refund the interest and charges that had been applied to her account since 2016, plus 8% interest. She would also like Virgin to apologise for its mistake.

Virgin considered Miss B's complaint but didn't agree that it had acted unfairly when lending to her. It said it carried out an appropriate credit worthiness assessment to ensure the lending was affordable and it didn't think it had made any errors.

Miss B didn't accept Virgin's response, so she referred her complaint to our service. One of our investigators looked into it, but based on the evidence available, our investigator said she couldn't reasonably conclude that the lending was irresponsible, or the relationship was unfair.

Miss B didn't accept what our investigator said, so she asked for a second opinion. As there was no agreement, the complaint has been passed to me for 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.

Having done this, I issued a provisional decision saying:

"There are time limits for bringing a complaint to this service which would apply to Miss B's case. However, Virgin has consented to this service looking into the complaint, so I have gone on to consider whether it treated Miss B fairly when providing her with credit.

I think there are key questions I need to consider in order to decide what is fair and

reasonable in this case:

- *Did Virgin carry out reasonable and proportionate checks to satisfy itself that Miss B was able to sustainably repay the credit?*
- *If not, what would reasonable and proportionate checks have shown at the time?*
- *Did Virgin make a fair lending decision?*
- *Did Virgin act unfairly or unreasonably towards Miss B in some other way?*

Virgin had to carry out reasonable and proportionate checks to satisfy itself that Miss B would be able to repay the credit sustainably. It's not just about Virgin assessing the likelihood of Miss B being able to repay the credit, but it had to consider the impact of the repayments on her.

There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments and the cost of the credit.

Did Virgin carry out reasonable and proportionate checks to satisfy itself that Miss B was in a position to sustainably repay the credit?

Due to the passage of time Virgin has said it now has limited information from the time it completed its creditworthiness assessment on Miss B. However, it explained that it carried out a full credit search to get an understanding of Miss B's situation before it decided to lend to her. Virgin said this revealed she had no adverse information on her credit file and no outstanding credit payable to other lenders, and it's provided the evidence it has for this.

Virgin has provided a copy of the information gathered when Miss B applied for the credit card and this showed she declared an annual income of £60,000. They verified this using the credit reference agencies (CRA) and calculated her expenditure using the CRA data and data from the ONS.

Virgin applied estimates for Miss B's regular living expenses and income using nationally recognised statistics. This is an approach it's allowed to take under the relevant lending rules. Based on its calculations Virgin found that Miss B had a disposable income of over £2,000. So, on this information the lending appeared affordable.

I've seen the credit file results and can confirm there was no adverse information or recent missed payments showing on the information available to Virgin at that time. I can see that the information showed that Miss B didn't have any other existing debt. However, given that Virgin were aware Miss B intended to complete a balance transfer, it knew there was a possibility Miss B had debt elsewhere. So, I think it would have been reasonable for it to examine this further, given the level of lending involved, and the discrepancy between what Miss B intended to use the credit for, and the information contained within the credit searches.

Given the time that's passed, Virgin no longer hold information about the nature of the balance transfer. This means I can't be certain of what Virgin knew at the time of the lending about Miss B's other debt or where the balance was being transferred from. So, on the information available to me now, I can't fairly say reasonable and proportionate checks were completed.

We asked Miss B for a copy of her bank statements and credit report from the time of the

lending to establish what Virgin would likely have found had it asked her more questions about her existing debt. I think it would be helpful to say there are a number of ways Virgin could have gained a better understanding of Miss B's financial situation and for the avoidance of doubt, I'm not making a finding here that Virgin needed to see Miss B's statements before lending. Rather I think it needed to gather more information about her existing debt.

Miss B hasn't been able to provide a copy of her credit report from 2016 and whilst she has been able to provide some bank statements, these unfortunately don't cover the period just before the lending decision in 2016. Given this, there isn't enough information here for me to understand what Virgin would likely have found out if it had completed proportionate checks. This means I don't have enough evidence to fairly say Miss B was likely to be unable to sustainably repay what she was being lent.

So given the information available, although I think Virgin's checks should have gone further, I've not seen enough to persuade me that it made an unfair decision to lend to Miss B.

Did Virgin act unfairly or unreasonably towards Miss B in some other way?

Miss B has said at the time of the lending that she was suffering with her mental health, had a gambling addiction, and was in an abusive relationship. I'm truly sorry to hear this and I hope things have improved for her. I can't see from any of the evidence available that Miss B made Virgin aware that she was vulnerable for any of these reasons at the time of the lending or that they ought to have known for some other reason. I appreciate Miss B feels it should have done more to find this out, but there's no obligation for lenders to gather information about a customer's health (including mental health and any addiction issues) or personal relationships before lending. I also can't see any evidence that it would have been reasonable for it to have done so in Miss B's case. So, I can't reasonably conclude that Virgin should have been aware of Miss B's vulnerabilities or addiction issues when it lent to her in 2016.

I've also considered whether there were any signs from the conduct of the account that Miss B was vulnerable that Virgin should have picked up on. But I can't see that there were, given the evidence available. So, whilst I don't doubt Miss B had a difficult time, I've not seen evidence to suggest that Virgin treated her unfairly in some other way either.

Overall, and based on the available evidence I'm not persuaded that Virgin has acted unfairly in this case. It's not clear enough to me that Virgin created unfairness in its relationship with Miss B by lending to her irresponsibly and I don't think Virgin treated Miss B unfairly in any other way either based on what I've seen."

Virgin didn't respond to my provisional decision, however Miss B provided some further comments. I've carefully considered what Miss B has said, but I haven't seen anything that persuades me to depart from my provisional findings. Whilst I don't doubt what she's said about being vulnerable at the time, I haven't seen anything new in her submission that persuades me that Virgin should have known about this. I'm sorry to disappoint Miss B but for the reasons already set out in my provisional decision, based on the evidence available it's not clear enough to me that Virgin made an unfair decision to lend to her or treated her unfairly in any other way.

My final decision

My final decision is that I don't 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 18 November 2025.

Charlotte Roberts
Ombudsman