

The complaint

Mrs E complains that Clydesdale Bank Plc trading as Virgin Money irresponsibly lent to her.

What happened

Mrs E was approved for a Virgin Money credit card in January 2018, with a £1,800 credit limit. The credit limit was increased to £2,800 in August 2019. The credit limit was increased for a final time to £3,800 in December 2021. Mrs E says that Virgin Money irresponsibly lent to her, and she made a complaint to Virgin Money, who did not uphold her complaint. Virgin Money said that they were unable to agree they acted incorrectly as they deemed the account and credit limits to be appropriate given her circumstances at the time they were approved. Mrs E brought her complaint to our service.

Our investigator did not uphold Mrs E's complaint. He said that Virgin Money's checks were proportionate, and they made fair lending decisions. Mrs E asked for an ombudsman to review her complaint. She said that Virgin Money should have completed further checks for the credit limit increases as prior to the second credit limit increase she became self-employed and her income dropped to £5,000 - £7,000 net annual income, therefore she had an increasing reliance on credit and an ability to reduce the outstanding balance.

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.

Before agreeing to approve or increase the credit available to Mrs E, 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.

Acceptance for the Virgin Money credit card

The information showed that Mrs E 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. Mrs E declared a gross annual income of £18,000.

The CRA informed Virgin Money that Mrs E had unsecured debt of £0. Virgin Money completed an affordability assessment for Mrs E. But Mrs E was showing as having a financial associate, so Virgin Money completed a household affordability assessment to see if Mrs E would be able to afford repayments for the £1,800 credit limit.

I'm persuaded that it was fair for Virgin Money to expect Mrs E 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 Mrs E wouldn't be paying towards the household expenditure either.

Virgin Money used information from Mrs E such as her housing costs, and modelling to estimate Mrs E's other outgoings, which is an industry standard way of estimating outgoings. The affordability assessment suggests that Mrs E would be able to afford sustainable repayments for a £1,800 credit limit, even if it was just her income that was considered, without her financial associate's income.

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

August 2019 credit limit increase - £1,800 to £2,800

A CRA reported that Mrs E's active unsecured debt had increased to £1,686 in the month prior to the credit limit increase, which was below the total Virgin Money credit limit of £1,800. The CRA reported that Mrs E was not in arrears on any of her accounts at the time of the checks. Virgin Money would have also been able to see how Mrs E managed her account since it had been opened.

Mrs E incurred one late fee since the account had been opened. But it appears this was an oversight. I say this as Mrs E had the charge refunded the following month which often happens if a customer were to ring Virgin Money explaining it was an oversight. But Mrs E also made repayments totalling £200 the following month, which was almost seven times the minimum repayment requested.

Virgin Money did not ask Mrs E if her income had changed for this lending decision, but there are tools available that they can use which are industry standard tools to estimate income, such as obtaining Current Account Turnover (CATO) information from a CRA.

And for the nine months leading up to this credit limit increase, the data shows that Mrs E was making repayments in each cycle period of at least £400 a month, so it would appear that the repayments for a £2,800 credit limit would be affordable and sustainable for Mrs E. So I'm not persuaded that it would have been proportionate for them to have made further checks here.

So I'm persuaded that Virgin Money's checks were proportionate here, and they made a fair lending decision to increase the credit limit without making any further checks.

December 2021 credit limit increase - £2,800 to £3,800

A CRA reported that Mrs E's active unsecured debt had increased to £2,458 in the month prior to the credit limit increase, which was below the Virgin Money credit limit of £2,800. The CRA reported that Mrs E was not in arrears on any of her accounts at the time of the checks. Virgin Money would have also been able to see how Mrs E managed her account since the last lending decision.

Mrs E incurred no late or overlimit fees since the last lending decision. Mrs E had incurred cash advance fees since the last lending decision, which could be a more expensive way to borrow, but I need to be mindful that they are a legitimate feature to use the credit this way. There were no cash advance fees charged in the 12 months prior to the last credit limit

increase though.

I've considered what Mrs E has said about her being self employed at the time of this lending decision and she was earning £5,000 - £7,000 per annum. But as I've previously mentioned, there are tools available that they can use which are industry standard tools to estimate income, such as CATO.

Despite what Mrs E has said about the sharp drop in income, she often made repayments which were a multiple of her minimum requested repayment, which I wouldn't expect Mrs E would be able to make if she was struggling financially leading up to this lending decision, or if her income substantially fell since the last lending decision. In the two months prior to the credit limit increase, she made repayments of £150 and £300 which were over 2-4 times her minimum requested payment. So I'm not persuaded that it would have been proportionate for Virgin Money to have made further checks here based on what the data showed.

So I'm persuaded that Virgin Money's checks were proportionate here, and they made a fair lending decision to increase the credit limit without making any further checks.

It appears by Mrs E's testimony that her financial problems deteriorated over the last 18 months and she was seeking debt management help in June 2025. I'm sorry to hear this. If Mrs E is struggling financially, I would urge her to contact Virgin Money directly to see what forbearance they may be able to offer her based on her current circumstances. But I can't fairly say that this would have been foreseeable to Virgin Money when they increased the credit limit for the last time. And the data shows that even after the credit limit increase, Mrs E had paid off the full outstanding balance twice in 2022.

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 Mrs E 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 Mrs E to accept or reject my decision before 6 February 2026.

Gregory Sloanes
Ombudsman