

## **The complaint**

Mr G complains that Clydesdale Bank Plc trading as Virgin Money irresponsibly lent to him.

## **What happened**

Mr G was approved for a Virgin Money credit card in November 2022 with a £12,500 credit limit. He says he applied for this credit card through a third party provider who provides free credit scores. Mr G says that Virgin Money irresponsibly lent to him. Mr G made a complaint to Virgin Money.

Virgin Money said that they deemed the account and the credit limit to be appropriate given Mr G's circumstances at the time the lending decision was approved. Mr G brought his complaint to our service.

Our investigator did not uphold Mr G's complaint. He said that Virgin Money's checks were proportionate, and they made a fair lending decision. Mr G asked for an ombudsman to review his complaint. He made a number of points. In summary, he said the income figure which pulled through from the third party free credit score provider that he used to apply for the Virgin Money credit card was not manually entered by him, and the income wasn't verified via a pay slip/bank statement etc, despite his level of debt, and his poor credit history.

Mr G said that Virgin Money relying on Current Account Turnover (CATO) was inappropriate in context. He said at the time of the application he had five credit cards and a loan which were near 100% credit utilisation, overdraft usage, multiple payday loans in his credit history and Debt Management Plans (DMP's), and he utilised a balance transfer for £5,500 and a money transfer for £5,000 within weeks of the account being opened to access cash. Mr G mentioned a different complaint at our service, which had a different outcome, and he said he had provided statements which showed his financial difficulty leading up to the credit card being approved.

## **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.

Firstly, I'm aware that I've only summarised Mr G's complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

Mr G has referenced a third party company who he applied for the Virgin Money credit card through. I'm unable to consider any actions that the third party has taken as this complaint is about whether Virgin Money irresponsibly lent to Mr G. But if he has any concerns about the third party making an error, then he may be able to make a complaint directly to the third party company.

Mr G has referred us to a different investigator's view of a different complaint he brought to our service. Whilst two complaints can look similar in nature, there are often nuances which mean the complaint is not identical. I must be clear that each complaint that is brought to our service is judged on its own individual merit. So I will be looking to see if Virgin Money irresponsibly lent to Mr G here.

Before agreeing to approve the credit available to Mr G, Virgin Money needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. 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 Mr G had no County Court Judgements (CCJ's) or defaults being reported by the CRA, and no accounts in arrears at the time of the checks. Mr G declared a gross annual income of £180,000, and additional household income of £70,000.

I've considered what Mr G has said about him not manually entering the income. But Mr G would have had to agree that the information on the application form was correct before submitting his application. So it's not clear why he didn't amend the income if this was not reflective of his actual income at the time he applied for the account.

Virgin Money have told us that they can see two enquiries Mr G had made for the Virgin Money credit card, one from the third party free credit score company, and one for their own direct website . They said both were made by Mr G on the same day. Virgin Money have confirmed that Mr G entered the same income figures into their direct website (albeit he didn't apply via this route).

So again, it would not be clear why Mr G would enter incorrect income figures into the Virgin Money website directly if he didn't earn what he said he earned. And then he submitted his application via the third party, therefore confirming that the information he submitted was correct. And it would not be out of the ordinary for someone earning £180,000 to have existing unsecured debt, or that they want to apply for a credit card.

I've looked at the raw application data, and I can see Mr G told Virgin Money he was employed. The name of his employer was entered. But this differs from the payslips Mr G has forwarded to our service. So it may have been that Mr G had at least two roles at the time he applied for this account, otherwise it would be unclear how the employer's name ended up on the application data, and Mr G confirmed the information was correct before submitting his application. I do note that Mr G was a director for the different company he provided payslips for. So this would only likely display his salary, and not any dividends he took (if any) from the business.

I've considered what Mr G has said about his existing debt, the previous payday loans and the DMP's. But while the existing unsecured debt was being reported by the CRA, the historical payday loans/DMP's weren't reported to Virgin Money, so they would not be aware of this, especially as the CRA told them that Mr G wasn't in arrears on any accounts, he had no defaults or CCJ's, and he had no arrears in the previous six months.

The total unsecured debt for Mr G being reported by the CRA was £23,610. So this would have only been around 13.1% of Mr G's income that he confirmed by submitting the application details and confirming that these were correct. So it wouldn't appear that he was overindebted, or struggling financially (given no adverse information being reported to Virgin Money by the CRA). And the £12,500 credit limit would have been around 6.9% of the

declared gross income Mr G confirmed was accurate.

Virgin Money completed further income checks via Current Account Turnover (CATO), which is an industry standard way of validating declared income, although Mr G believes that this was not proportionate to rely on this here, I'm satisfied that it was proportionate to complete further income checks and use CATO to help verify what Mr G submitted as being correct. So it would not have been proportionate for Virgin Money to have requested bank statements or payslips here, as there was no indication from the data that anything had been incorrectly submitted.

Virgin Money also completed an affordability assessment for Mr G. They used information that Mr G had provided, modelling to estimate Mr G's outgoings, which is an industry standard way of estimating outgoings, and information from a CRA about Mr G's monthly credit commitments. The affordability assessment suggested that Mr G would comfortably be able to afford sustainable repayments for a £12,500 credit limit.

So I'm persuaded that Virgin Money's checks were proportionate, and they made a fair lending decision here.

If Mr G is struggling with his repayments currently, I would urge him to contact Virgin Money to see how they can assist him make affordable repayments considering his existing situation. They should also make him aware of what impact (if any) this would have on his credit file, or how this would be reported to the CRA's.

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 Mr G or otherwise treated him 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 Mr G to accept or reject my decision before 4 December 2025.

Gregory Sloanes  
**Ombudsman**