

## The complaint

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

Mr G is represented by a claims management company in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Mr G himself.

## What happened

Mr G was approved for a Virgin Money credit card in February 2023, with a £4,400 credit limit. Mr G says that this was irresponsibly lent to him, and he made a complaint to Virgin Money, who did not uphold Mr G's complaint. They said after they completed their checks, an affordable and appropriate credit limit was assigned to him. Mr G brought his complaint to our service.

Our investigator upheld Mr G's complaint. He said after repayments were made on a £4,400 credit limit Mr G would not have a sufficient disposable income for the lending to be affordable. Virgin Money asked for an ombudsman to review the complaint. They said their affordability calculation assumed Mr G would fully utilise their credit limit, repay the debt at a non-promotional interest rate and be able to repay the full balance within a reasonable period of time. They said he should still have a sufficient disposable income after this.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

*"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 £28,000, which Virgin Money calculated to be around £1,864 net a month.*

*The CRA informed Virgin Money that Mr G had unsecured debt of £25,660, which was around 91.6% of his declared gross annual income. The majority of this (£17,092) was from non-revolving debt such as personal loans/hire purchase agreements. So these would have fixed repayments.*

*Virgin Money completed an affordability assessment for Mr G. They used information that Mr G had provided, information from a CRA about his monthly credit commitments and modelling to estimate Mr G's outgoings. The affordability assessment suggested that Mr G would be able to afford repayments for a £4,400 credit limit.*

*But I need to be mindful that Mr G would need to make sustainable repayments to the account to pay the full balance off in a reasonable period of time if he used the full amount of credit Virgin Money offered him, not just the minimum payment, or slightly above the minimum repayment.*

*I do think the disposable income showing if a sustainable repayment was made to the account on a regular basis would be tight, especially if Mr G had a rise in his general priority bills, and this may be reduced further if he had any financial emergencies.*

*So based on £4,400 being a relatively large amount of Mr G's declared gross annual income, especially after being added to his existing unsecured debt, and there being a relatively low disposable income after sustainable repayments would be made if Mr G utilised the full £4,400 credit limit, then I'm persuaded that Virgin Money should have completed further checks to ensure the lending would be affordable and sustainable for him.*

*There's no set way of how Virgin Money should have made further proportionate checks. One of the things they could have done was to contact Mr G to verify his outgoings, and to ensure he could make sustainable and affordable repayments for the credit limit offered. Or they could have asked for his bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for him.*

*I asked Mr G to provide his bank statements leading up to this lending decision. Mr G provided these, and these also show a savings account he held with the same bank. I note that while I don't have the transactions of the saving account, Mr G's savings balance increases month by month as it grows from £1,124.02 to £2,487.77, which could indicate that Mr G has disposable income to be able to save regularly.*

*Mr G's bank statements are often four figures in credit for the three month period I viewed. There are no signs of financial difficulty, and he has enough disposable income to be able to make non-priority transactions, such as gambling transactions without being overdrawn or appearing to borrow money to meet his priority outgoings. Mr G's income appears to be higher than what he declared on his application.*

*So if Virgin Money would have requested Mr G's bank statements as part of a proportionate check for the reasons given earlier in this decision, I'm persuaded that they still would have approved the £4,400 credit limit, and I'm persuaded that they made a fair lending decision here.*

*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."*

I invited both parties to let me have any further submissions before I reached a final decision. Virgin Money did not respond to the provisional decision. Mr G did not accept the provisional decision. He said Virgin Money would have had no idea about his bank statements, and there was no need to look at them now as Virgin Money made an unfair lending 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.

I've considered what Mr G has said in response to the provisional decision, and about Virgin Money not knowing what was showing in his bank statements, however, I addressed the need for further checks in the provisional decision when I said the following:

*“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 £28,000, which Virgin Money calculated to be around £1,864 net a month.*

*The CRA informed Virgin Money that Mr G had unsecured debt of £25,660, which was around 91.6% of his declared gross annual income. The majority of this (£17,092) was from non-revolving debt such as personal loans/hire purchase agreements. So these would have fixed repayments.*

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*But I need to be mindful that Mr G would need to make sustainable repayments to the account to pay the full balance off in a reasonable period of time if he used the full amount of credit Virgin Money offered him, not just the minimum payment, or slightly above the minimum repayment.*

*I do think the disposable income showing if a sustainable repayment was made to the account on a regular basis would be tight, especially if Mr G had a rise in his general priority bills, and this may be reduced further if he had any financial emergencies.*

*So based on £4,400 being a relatively large amount of Mr G's declared gross annual income, especially after being added to his existing unsecured debt, and there being a relatively low disposable income after sustainable repayments would be made if Mr G utilised the full £4,400 credit limit, then I'm persuaded that Virgin Money should have completed further checks to ensure the lending would be affordable and sustainable for him.*

*There's no set way of how Virgin Money should have made further proportionate checks. One of the things they could have done was to contact Mr G to verify his outgoings, and to ensure he could make sustainable and affordable repayments for the credit limit offered. Or they could have asked for his bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for him.”*

I also addressed why Virgin Money didn't make an unfair lending decision when I said the following in the provisional decision:

*“I asked Mr G to provide his bank statements leading up to this lending decision. Mr G provided these, and these also show a savings account he held with the same bank. I note that while I don't have the transactions of the saving account, Mr G's savings balance increases month by month as it grows from £1,124.02 to £2,487.77, which could indicate*

*that Mr G has disposable income to be able to save regularly.*

*Mr G's bank statements are often four figures in credit for the three month period I viewed. There are no signs of financial difficulty, and he has enough disposable income to be able to make non-priority transactions, such as gambling transactions without being overdrawn or appearing to borrow money to meet his priority outgoings. Mr G's income appears to be higher than what he declared on his application.*

*So if Virgin Money would have requested Mr G's bank statements as part of a proportionate check for the reasons given earlier in this decision, I'm persuaded that they still would have approved the £4,400 credit limit, and I'm persuaded that they made a fair lending decision here."*

In summary, Mr G's response hasn't changed my view, and my final decision and reasoning remains the same as in my provisional decision. If Mr G is disappointed, I hope he understands my reasons.

### **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 24 November 2025.

Gregory Sloanes  
**Ombudsman**