

## **The complaint**

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

## **What happened**

Mrs K was approved for a Virgin Money credit card in October 2019, with a £11,800 credit limit. The credit limit was increased to £16,800 in March 2022. Mrs K says that this was irresponsibly lent to her. Mrs K made a complaint to Virgin Money, who did not uphold her complaint. Virgin Money said that they were unable to agree that they acted incorrectly as they deemed the credit limits to be appropriate based on her circumstances when they were approved. Mrs K brought her complaint to our service.

Our investigator said that Virgin Money's checks were proportionate, and they made fair lending decisions. Mrs K asked for an ombudsman to review her complaint. She made a number of points. In summary, she said Virgin Money were required to ensure the lending was affordable and sustainable for the borrower, but Virgin Money relied on household income, and they failed to realise two years of persistent debt. She said that our service had upheld complaints similar to hers. Mrs K said that the lending and subsequent increase was not sustainable.

## **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 Mrs K's complaint points. And I'm not going to respond to every single point made by her. 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.

I've considered what Mrs K has said about our service upholding similar irresponsible lending complaints previously. But our service looks at each individual complaint on its own merits. So I'll be looking to see whether Virgin Money made fair lending decisions here.

Before agreeing to approve or increase the credit available to Mrs K, 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 Vanquis have done and whether I'm persuaded these checks were proportionate.

### *Acceptance for the Virgin Money credit card*

The information showed that Mrs K 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 K declared a gross annual income of £60,000.

The CRA informed Virgin Money that Mrs K had unsecured debt of £28,480, of which £15,910 was for revolving credit (such as credit cards/store cards/overdrafts etc). Virgin Money completed an affordability assessment for Mrs K. But Mrs K was showing as having a financial associate, so Virgin Money completed a household affordability assessment to see if Mrs K would be able to afford repayments for the £11,800 credit limit.

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

I've considered what Mrs K has said about her financial associate not paying any of the household bills. But as she declared additional household income of £27,000, it wouldn't be proportionate for Virgin Money to expect her to pay every single household outgoing. And there is no requirement for Virgin Money to complete only an individual affordability assessment for Mrs K when she had declared a financial associate's income. Again, I must stress that this doesn't mean Virgin Money believed her financial associate would make repayments towards this credit card, as the sole responsibility for this would be Mrs K's.

Virgin Money used information from Mrs K such as her housing costs, and modelling to estimate the other outgoings, which is an industry standard way of estimating outgoings. The CRA also reported how much Mrs K was spending towards her existing credit commitments. The affordability assessment suggests that Mrs K would be able to afford sustainable repayments for a £11,800 credit limit.

So based on there being no adverse information on Mrs K'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 K's bank statements, or for them to contact her to see if she paid all of the household bills. Mrs K also requested a balance transfer totalling £10,364. So her disposable income may actually increase due to the promotional interest free offer from Virgin Money, or she may choose to keep her same repayments to reduce the outstanding balance quicker.

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

*March 2022 credit limit increase - £11,800 to £16,800*

Before I move onto the checks for this lending decision, I've considered what Mrs K has said about being in persistent debt. But Mrs K did not fall into the regulator's definition of persistent debt – *“that the amount the customer has paid to the firm towards the credit card balance...over the immediately preceding 18 month period comprises a lower amount in principle than in interest, fees and charges”*

Mrs K did not pay any interest on the account until around January 2022, only two months prior to this credit limit increase. And the only fees she paid were one off balance transfer fees. So although Mrs K may have generally be making the minimum repayment (apart from around September 2021 when a repayment of £4,613.20 was made), she did not pay a lower amount in principle than the interest, fees and charges.

A CRA reported that Mrs K's unsecured debt totalled £28,124, at the time of the checks. So Mrs K's borrowings had decreased. The CRA reported that her unsecured debt total had been reducing month by month for the previous three months, so this could mean that Mrs K could have enough disposable income to make overpayments/be able to afford higher credit limits.

But I am mindful that due to the large repayment being more than Mrs K's net monthly income is likely to be, that this is not a reflection that she could pay this amount every month. And Mrs K typically makes repayments which are for the minimum repayment amount only. While the total of the unsecured debt had decreased since the account has been opened, I can't fairly say the fall in the unsecured debt over a two year plus period is a sign that Mrs K could afford repayments for a £16,800 credit limit. And the credit limit is an increase over 42% which is fairly substantial.

So I am persuaded that Virgin Money should have completed further checks to ensure the lending was affordable and sustainable for Mrs K. 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 Mrs K to ensure she could make sustainable and affordable repayments for the credit limit provided. Or they could have asked for her bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for her.

Mrs K has provided her bank statements leading up to this lending decision. Her salary is typically around £4,410. The bank account does not show any signs of financial difficulty. I couldn't locate any returned payments, and Mrs K often had a four figure credit balance. The statements showed that she had a high amount of disposable income to spend on non-priority expenditure.

So if Virgin Money would have made further checks, I'm persuaded that they still would have approved the credit limit increase to £16,800, as it would appear that the repayments would be affordable and sustainable for Mrs K, and they would have made a fair lending decision here.

After the credit limit increase, Mrs K was still not classed as being in persistent debt due to the regulator's definition of persistent debt (see the beginning of this section), as over an 18 month period she did not pay a lower amount in principle than the interest, fees and charges. For example she made repayments to the account totalling £9,562.32 around September 2022, and £16,307.96 around July 2024.

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 K 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 K to accept or reject my decision before 20 February 2026.

Gregory Sloanes  
**Ombudsman**