

## The complaint

Mrs C has complained that Clydesdale Bank Plc, trading as Virgin Money, were irresponsible when providing her with a credit card.

## What happened

Virgin Money provided Mrs C with a credit card in June 2021 with a credit limit of £2,200.

Mrs C says the lending decision was irresponsible. She says the checks carried out were insufficient, and a more thorough check would have revealed that the required repayments were unaffordable as she had other debt and was regularly gambling.

Virgin Money reviewed Mrs C's complaint and didn't uphold it. They were satisfied that appropriate checks were carried out before approving the loan and they felt that there was no indication that the repayments were unaffordable.

An investigator then reviewed the merits of Mrs C's complaint but didn't recommend it be upheld.

Mrs C disagreed with our investigator's opinion and because an agreement couldn't be reached, she asked for an ombudsman to decide.

I sent Mrs C and Virgin Money my provisional decision on 02 March 2026. I explained why I was planning to uphold the complaint. I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances.

Having done so, I'm minded to uphold this complaint, and I'll explain why.

The rules and regulations in place at the time Virgin Money provided Mrs C with the loan required them to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Virgin Money had to think about whether repaying the credit would cause difficulties or adverse consequences for Mrs C. In other words, it wasn't enough for Virgin Money to consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Mrs C.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Virgin Money did what they needed to before providing the loan.

In her application Mrs C declared an annual salary of £14,700, which Virgin Money verified using current account turnover data. Mrs C said she was a tenant, but declared no monthly payments for rent.

Virgin Money performed checks through a credit reference agency (CRA), which identified existing debts of around £6,000. The CRA file reported that Mrs C has one missed or late payment in the six months before the application, but no other adverse markers.

Mrs C had also declared in her application, a total household income of around £80,000 and Virgin Money used this figure when performing their affordability assessment. The assessment showed a healthy disposable income remaining and Virgin Money were satisfied that this was reasonable and proportionate.

I'm not satisfied these checks were sufficient, for a combination of reasons:

- Mrs C had declared she was a tenant, but no rental payment.
- Mrs C had a missed or late payment in the last six months and was herself on a modest income.
- Virgin Money didn't take any steps to verify the household income or to understand whether Mrs C had access to it. From what I've seen, they didn't let Mrs C know that they had used the household income in their affordability assessment.

There's no set way for how Virgin Money should have carried out further checks; they could have asked Mrs C about the household income and expenditure or, if they felt it appropriate, they could have reviewed her bank statements.

In reaching my provisional decision, I have used Mrs C's bank statements as it is an easy way for this service to understand what proportionate checks would have likely revealed.

Having done so, Mrs C's bank statements for the account she jointly held with her husband raise no immediate concerns. The household income is around £500 per month lower than Virgin Money had estimated, but that wouldn't be material if all else was positive.

Mrs C has also shared a bank statement for an account solely held in her name, where there were regular and significant gambling transactions, running into several thousand pounds over the course of a month.

Therefore, I think that if Virgin Money had performed proportionate checks, they would have seen the gambling transactions, and would have been unlikely to approve the credit card. It is on this basis that I plan to uphold Mrs C's complaint.

Mrs C accepted my decision, but Virgin Money disagreed. In summary it explained its approach towards using household income in affordability assessments, and in doing so there was no further requirement to review bank statements.

Virgin Money also said that there was no evidence of financial stress from the CRA checks or any indication of Mrs C's gambling.

### **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.

As I referred to above, there were a number of factors that I have taken into account. Any one of those in isolation may not be material, but in combination, I consider it would have been fair and reasonable to understand more about Mrs C's circumstances.

Whilst I understand Virgin Money's points, I am not persuaded its checks were proportionate in the circumstances of this case, and therefore for the reasons explained above, I am upholding this complaint.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm awarding in this case, as set out below, results in fair compensation for Mrs C in the circumstances of this complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

### **Putting things right**

As I don't think Clydesdale Bank Plc, trading as Virgin Money, ought to have opened the account, I don't think it's fair for them to be able to charge any interest or charges under the credit agreement. But I think Mrs C should pay back the amounts she has borrowed.

Therefore, Clydesdale Bank Plc, trading as Virgin Money, should:

- Add up the total repayments Mrs C has made and deduct these from the total amount of money she received.
  - a) If this results in Mrs C having paid more than she has received, any overpayments should be refunded along with 8% simple interest per year\* (calculated from the date the overpayments were made until the date of settlement).

Clydesdale Bank Plc, trading as Virgin Money, should also remove all adverse information regarding this account from Mrs C's credit file.

- b) Or, if any capital balance remains outstanding, then Clydesdale Bank Plc, trading as Virgin Money should arrange an affordable and suitable payment plan with Mrs C. Once Mrs C has cleared the balance, any adverse information in relation to the account should be removed from her credit file.

\* HM Revenue & Customs requires Clydesdale Bank Plc, trading as Virgin Money to take off tax from this interest. Clydesdale Bank Plc, trading as Virgin Money, must give Mrs C a certificate showing how much tax they've taken off if she asks for one.

### **My final decision**

For the reasons outlined, it is my final decision that I uphold this complaint and Clydesdale Bank Plc, trading as Virgin Money, must put things right as explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 11 May 2026.

David Barker  
**Ombudsman**