

Complaint

Ms A has complained about a credit card Clydesdale Bank Plc (trading as “Virgin Money”) provided to her. She says she shouldn’t have been provided with this credit card as she already had a lot of debt and was therefore already struggling with her finances.

Background

Virgin Money provided Ms A with a credit card which had a limit of £5,700.00 in January 2021. The credit limit on the card was never increased.

One of our investigators reviewed what Ms A and Virgin Money had told us. And she eventually reached the conclusion that Virgin Money hadn’t done anything wrong or treated Ms A unfairly. So she didn’t recommend that Ms A’s complaint be upheld.

Ms A disagreed and asked for an ombudsman to look at her complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Ms A’s complaint.

Virgin Money needed to make sure it didn’t lend irresponsibly. In practice, what this means is Virgin Money needed to carry out proportionate checks to be able to understand whether Ms A could afford to repay any credit it provided.

Having carefully considered everything, I’ve decided not to uphold Ms A’s complaint. I’ll explain why in a little more detail.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Virgin Money says it agreed to Ms A’s application for a credit card after it obtained information on her income and carried out a credit search. And the information obtained indicated that Ms A would be able to make the monthly repayments due on a credit limit of £5,700.00.

On the other hand, Ms A says that she shouldn't have been lent to given her circumstances at the time she made this application.

I've considered what the parties have said.

What's important to note is that Ms A was provided with a revolving credit facility rather than a loan. And this means that Virgin Money was required to understand whether a credit limit of £5,700.00 could be repaid within a reasonable period of time, rather than all in one go. It's fair to say that a credit limit of £5,700.00 did not require particularly large monthly repayments in order to clear the full amount owed within a reasonable period of time.

From the information provided, it looks like Ms A declared that she was employed and earning £38,500.00 a year, which it cross-checked against information from credit reference agencies on the funds that she received into her main bank account each month.

Virgin Money's credit check also showed that Ms A had some active credit – a reasonable proportion of which was on existing revolving credit accounts. These searches did not indicate that Ms A had had any recent previous difficulties repaying credit – such as defaulted accounts or county court judgments recorded against her and Ms A was also well within her existing credit limits.

I accept that Ms A says that her actual circumstances were not fully reflected either in the information she provided, or the information Virgin Money obtained. I'm sorry to hear that she's had difficulty making her payments. I've seen that there was previously a suggestion that Ms A had been using her overdraft regularly. However, there isn't a prohibition on lending to a customer who is using an agreed overdraft.

Furthermore, I also have to keep in mind that Ms A was applying for a card which had a 0% balance transfer offer and she would pay no interest on the credit card debt she was going to transfer for a period of time. Ms A not having interest to pay on this debt will have given her a significantly greater opportunity to reduce what she already owed, as well as reduce what she would have to pay to balances that had already accrued.

Bearing in mind all of these circumstances, I'm satisfied that the checks Virgin Money carried out were reasonable and proportionate. And given the information gathered demonstrated that it was more likely that not Ms A would be able to repay £5,700.00 within a reasonable period of time, I don't think that it was unreasonable for Virgin Money to have provided this credit card to her.

In reaching my conclusions, I've also considered whether the lending relationship between Virgin Money and Ms A might have been unfair to Ms A under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Virgin Money irresponsibly lent to Ms A or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having considered everything, I don't think that Virgin Money treated Ms A unfairly or unreasonably when providing her with her credit card. And I'm not upholding Ms A's complaint. I appreciate this will be very disappointing for Ms A. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Ms A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 15 December 2025.

Jeshen Narayanan
Ombudsman