

The complaint

Miss M has complained that Clydesdale Bank Plc, trading as Virgin Money, were irresponsible when providing her with a credit card and subsequently increasing the credit limit.

What happened

Virgin Money provided Miss M with a credit card in January 2023 with a credit limit of £7,200. It then increased the credit limit to £12,200 in November 2023.

Miss M says Virgin Money was irresponsible. She says the checks carried out were insufficient, and a more thorough check would have revealed that the required repayments were unaffordable.

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

An investigator then reviewed the merits of Miss M's complaint and agreed with her, feeling that Virgin Money should have performed further checks and, if it had, it would have found the repayments to be unaffordable.

Virgin Money disagreed with our investigator's opinion and because an agreement couldn't be reached, it asked for an ombudsman to decide.

I sent Miss M and Virgin Money my provisional decision on 03 March 2026. I explained why I wasn't 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've come to a different conclusion from our investigator, and I'll explain why.

The rules and regulations in place at the time Virgin Money provided Miss M with the credit card, and subsequent credit limit increase, required it 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 Miss M. 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 Miss M.

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 Miss M declared an annual salary of around £46,000.

Virgin Money performed checks through a credit reference agency (CRA), which identified existing debts of around £38,000. There were no adverse markers on the CRA file. It also verified Miss M's declared income, using current account turnover data, to be around £2,970 of net monthly income.

Virgin Money estimated Miss M's monthly commitments for the existing debt and used information from the Office for National Statistics (ONS). It concluded that there was nothing to indicate financial difficulty and felt the repayments were affordable, so approved the credit card.

On balance, whilst I consider Virgin Money's calculations were reasonable, I think Miss M's existing debt was quite high in proportion to her salary. So it would have been appropriate for Virgin Money to have taken steps to find out more about Miss M's income and committed non-discretionary expenditure, to understand whether the credit limit was affordable.

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

In reaching my decision, I have used Miss M's bank statements for the three-month period directly preceding the application, as it is an easy way for this service to understand what proportionate checks would have likely revealed.

Miss M's net monthly income was lower than declared, averaging around £1,800 during this period, and she was also receiving child benefit payments of around £145 per month.

Miss M was repaying around £860 per month towards existing debt, although around £6,000 of her existing credit card debt was to be transferred onto this Virgin Money account.

Miss M was renting her property, and I can't see that this was disclosed on her application, but as I have undertaken a review of income and expenditure, it is included in my calculations. As well as rental payments of £400 per month, Miss M was also making payments of just under £800 for bills.

Importantly, Miss M's partner was also living in the property, so was contributing towards the rent and bills. This contribution averaged around £670 per month and for the purposes of an income and expenditure review, I have included this figure as additional income.

The outcome of my review shows that, after repayments towards existing debt and other non-discretionary committed expenditure, Miss M would have £574 of disposable income.

Net monthly income	£	2,619
Existing debt	£	860
Rent and bills	£	1,185
Remaining disposable income	£	574

I consider this to be a sufficient remaining amount for sustainable repayments towards the additional credit offered by Virgin Money along with other essential living expenses.

So I think it is likely that Virgin Money would have concluded that the required repayments for this credit card, even if the credit limit was fully utilised, would appear to be affordable as that is what I have found.

I have followed a similar process regarding the credit limit increase. Miss M's overall debt had increased by around £10,000, so as with the decision to provide the credit card, I think Virgin Money should have performed further checks to assess income and committed expenditure.

In summary, Miss M's net monthly income had increased quite significantly, by around £1,000 per month. Repayments to existing debt had increased by around £300 and Miss M was also paying around £1,100 per month towards childcare, for which her partner was contributing half.

Virgin Money could see that the credit card account itself appeared to be well managed, with regular payments above the minimum required.

So, on balance with the increases across the points noted above, Miss M appeared to have a slightly higher disposable income remaining than found in my assessment above. This allows for additional repayments, should the full amount of the credit limit increase be utilised.

This means I don't think Virgin Money were irresponsible when providing the credit card or with the subsequent credit limit increase.

Virgin Money accepted my provisional decision, while Miss M responded to clarify elements of her income and expenditure.

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'd like to thank Miss M for her comments, but ultimately she hasn't supplied any evidence that persuades me towards a different decision.

When considering what proportionate checks Virgin Money should perform, I have to consider what information is reasonably available to it at the time and as outlined above, I am satisfied that its checks were reasonable.

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 don't think Virgin Money lent irresponsibly to Miss M or otherwise treated her unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons outlined above, it is my final decision that I don't uphold this complaint against Clydesdale Bank Plc, trading as Virgin Money.

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

David Barker
Ombudsman