

## The complaint

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

## What happened

Mrs F was approved for a Virgin Money credit card in September 2020, with a £5,000 credit limit. Mrs F says that this was irresponsibly lent to her, and she made a complaint to Virgin Money, who did not uphold her complaint. Virgin Money said that based on their assessment an affordable and appropriate credit limit was assigned to her. Mrs F brought her complaint to our service.

Our investigator upheld Mrs F's complaint. He said that Virgin Money should have completed further checks, and further checks would have shown Mrs F would only have around £295 a month disposable income in order to make repayments to her account.

Virgin Money asked for an ombudsman to review the complaint. They said that Mrs F set up a direct debit for £200 a month which would repay the outstanding balance if the full credit limit was used within a reasonable timeframe. They said their checks were proportionate, and they had no reason to request bank statements from Mrs F.

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:

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

*Before agreeing to approve the credit available to Mrs F, 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 Virgin Money have done and whether I'm persuaded these checks were proportionate.*

*The information showed that Mrs F had no County Court Judgements (CCJ's) or defaults being reported by the Credit Reference Agency (CRA) that they used, and no accounts in arrears at the time of the checks. Mrs F declared a gross annual income of £35,000, which Virgin Money were able to verify through Current Account Turnover (CATO).*

*The CRA informed Virgin Money that Mrs F had unsecured debt of £16,043 so she would have had a debt to declared gross annual income ratio of around 45.8%. So Virgin Money were aware of the level of debt Mrs F had. From this £16,043, there was £5,587 showing as revolving debt (for example credit card/store cards/overdrafts etc).*

*Virgin Money completed an affordability assessment for Mrs F. They used information that Mrs F had provided, and they were able to obtain information from a CRA about Mrs F's monthly credit commitments. Virgin Money also used modelling to estimate Mrs F's other*

*outgoings, which is an industry standard way of estimating outgoings. The affordability assessment suggests that Mrs F would be able to afford sustainable repayments for a £5,000 credit limit.*

*So based on there being no adverse information on Mrs F'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 F's bank statements.*

*In addition to this, Mrs F had set up a direct debit of £200 a month, which supports that this amount would be a sustainable and affordable repayment for Mrs F, otherwise I wouldn't expect her to set her repayments at this level, which would be a lot higher than the minimum requested monthly repayment.*

*So I'm persuaded that Virgin Money's checks were proportionate, and 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 Mrs F 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."*

I invited both parties to let me have any further submissions before I reached a final decision. Virgin Money accepted the provisional decision. Mrs F responded with a number of points. She said that while Virgin Money suggested she was financially astute, her bank statements, various credit accounts and the limited funds of £295 a month that she had available as her disposable income demonstrated she was not financially astute, and that appropriate checks were not carried out, or she would never have been approved for the credit card.

Mrs F said that although she had set up a £200 per month direct debt, she knew she had very little income left once she was paid, and she paid all of her bills, that the £200 she paid to the credit card was to then help her pay for petrol, food expenses etc, and her credit card statements would reflect this. She said that in October 2022 the outstanding balance was £4,927 despite the £5,000 credit limit over two years earlier, which demonstrated there was no decrease in spending and the £200 monthly direct debit was just funding her living expenses.

### **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 Mrs F for her final comments in response to the provisional decision. The £295 a month figure she refers to is from what our investigator said she would have once her outgoings had been made. But I set out in my provisional decision why I didn't believe further checks were required.

I'd also like Mrs F to be aware that although I don't agree further checks should have been made, I've checked the investigator's calculations, but what his calculations failed to incorporate was that Mrs F indicated on her application form that she wanted to complete a balance transfer.

Our investigator did not deduct the repayment to the credit card that Mrs F wanted to complete a balance transfer for, and therefore if he would have done this to reflect that Mrs F

wouldn't be paying the same amount with the external provider anymore, then the disposable income would be even higher than the £295 a month disposable income he quoted.

I've considered what Mrs F has said what her Virgin Money credit card statements would show. But how Mrs F would run her account would not be foreseeable to Virgin Money once the account was open, especially as she told them she wanted her repayments to be fixed at £200 a month.

I've considered what Mrs F has said about her balance in October 2022. Again, it would not be foreseeable to Virgin Money the account balance two years after the account had been opened. But from the information forwarded to our service about how Mrs F operated her account, it does show her outstanding balance reducing in 11 of the 12 months after the account was showing a balance (from £4,927 to £3,523.38).

The data shows the only time Mrs F's balance was as high as £4,927, was in late 2020. And the data shows Mrs F's outstanding balance was £0 at the end of 2022. The figure before it was £0 was showing as £4,242.19. But again, I'm not persuaded it would have been foreseeable to Virgin Money how Mrs F would use her account once it was opened.

As I said in the provisional decision "*based on there being no adverse information on Mrs F'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 F's bank statements.*"

In summary, Mrs F's response hasn't changed my view, and my final decision and reasoning remains the same as in my provisional decision. If Mrs F is disappointed, I hope she 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 Mrs F to accept or reject my decision before 2 January 2026.

Gregory Sloanes  
**Ombudsman**