

## The complaint

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

## What happened

Mrs S applied for and received, the following credit card<sup>2</sup> from Virgin Money.

	<b>Date</b>	<b>Event</b>	<b>Credit limit</b>
Card 1 - ending 0096	September 2013	Account opening	£5,000
	November 2014	Limit increase	£11,000
	August 2017	Limit increase	£16,000
Card 2 – ending 2194	October 2020	Account opening	£10,000
Card 3 – ending 8100	August 2024	Account opening	£9,400
Card 4 – ending 1933	December 2024	Account opening	£10,000

Our investigator looked into the lending decisions taken on each card. She felt Cards 1 and 2 were fairly lent, but upheld Mrs S's complaint about Cards 3 and 4. Mrs S accepted what our investigator said about all the cards. Virgin Money didn't agree that Card 3 had been unfairly lent, but it did accept our investigator's view about Card 4.

As there was no total agreement, the complaint has been passed to me for a decision.

## 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.

The only matter left for me to decide is whether Virgin Money reached a fair decision to agree Card 3 for Mrs S. I will not comment on the details for the other cards other than confirming the redress for Card 4.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website and I've taken this into account in deciding Mrs S's case. Having considered everything, I'm upholding this complaint. Let me explain:

I've decided the credit wasn't provided fairly because:

- I don't think the checks Virgin Money did before providing the credit were reasonable and proportionate given the credit limit it offered and what it knew about Mrs S's financial situation. I say this because she already had two accounts with it (albeit the earlier one was inactive) and she had several elsewhere too. Mrs S had £77,588 of existing unsecured debt and an annual income of £77,400. So it's clear that Mrs S was heavily indebted already, and I think it would have been prudent for Virgin Money to take a closer look at her financial circumstances before agreeing a further £9,400 credit facility.
- If Virgin Money had carried out proportionate checks – perhaps by asking to see

some bank statements – it would have seen that Mrs S didn't have sufficient disposable income from which to meet the repayments to a credit facility of this size. It was evident Mrs S was reliant on credit to meet her obligations so a further credit facility would be likely to increase her indebtedness rather than help her situation.

Virgin Money has said it feels Mrs S had sufficient *household* income to afford the facility when her partners income was included in an income and expenditure calculation. But I've not seen anything that shows Virgin Money asked whether that income would be available to Mrs S to make repayments to this new credit card. In my view, if Virgin Money was looking to rely on that income to support this facility it ought to have done more to find out if it was.

This means I don't think Virgin Money should have provided Card 3 to Mrs S.

I've 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 S 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 mentioned above, Virgin Money has accepted our investigator's recommendation about Card 4 already. I've included the redress for that card here too for completeness.

I don't think Virgin Money ought to have agreed Cards 3 and 4 for Mrs S, so it follows that I don't think it should benefit through charges and interest on what it lent. But I do think it is reasonable for Mrs S to repay what she borrowed. So Virgin Money should:

- Rework accounts ending 8100 (Card 3) and 1933 (Card 4) removing all interest, fees, charges and insurances (not already refunded) that have been applied.
  - If the rework results in a credit balance, this should be refunded to Mrs S along with 8% simple interest per year\* calculated from the date of each overpayment to the date of settlement. Virgin Money should also remove all adverse information regarding these two accounts from her credit file.

OR

- If after the rework there is still an outstanding balance, Virgin Money should contact Mrs S to arrange an affordable repayment plan for the remaining amount. Once the balance is repaid, any adverse information in relation to the accounts should be removed from her credit file.

\*If Virgin Money considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs S how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

My final decision is that I uphold this complaint. Clydesdale Bank Plc trading as Virgin Money should put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 8 January 2026.

Richard Hale  
**Ombudsman**