

Complaint

Miss S 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 this meant that this card was unaffordable.

Background

In April 2024, Virgin Money provided Miss S with a credit card which had a limit of £3,000.00. The credit limit on the card was never increased.

One of our investigators reviewed what Miss S and Virgin Money had told us. And she thought Virgin Money hadn’t done anything wrong or treated Miss S unfairly. So she didn’t recommend that Miss S’ complaint be upheld.

Miss S 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 Miss 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 Miss S could afford to repay any credit it provided.

Having carefully considered everything, I’ve decided not to uphold Miss 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 Miss 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 Miss S would be able to make the monthly repayments due on a credit limit of £3,000.00.

On the other hand, Miss S 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 Miss S 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 £3,000.00 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 £3,000.00 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 Miss S declared that she was employed and earning around £30,000.00 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 Miss S had some existing debts at the time of her application. However, these searches did not indicate that Miss S had had any recent previous difficulties repaying credit – such as defaulted accounts or county court judgments recorded against her and Miss S was also well within her existing credit limits.

I accept that Miss S says that her actual circumstances were not fully reflected either in the information she provided, or the information Virgin Money obtained. For example, I've seen what she's said about just having taken out a car finance agreement for £30,000.00 in April 2024 and a debt consolidation loan in February 2024.

The first thing for me to say is that the car finance agreement didn't appear in Virgin Money's searches. This isn't surprising as it can take up to 90 days for a lender to report new borrowing to credit reference agencies. In terms of the consolidation loan, as this was also within the 90-day window, it is unclear whether it was included in the outstanding debt in the credit search. In any event, the purpose that any fixed sum loan is taken for, isn't recorded on a consumer's credit file.

So even if Virgin Money had been aware that Miss S had taken out a loan for £4,500.00 in February 2024, it won't have known that Miss S had taken this loan out for consolidation purposes. In these circumstances, I can't say that Virgin Money needed to factor in what Miss S has referred to, or that it shouldn't have lent for these reasons.

It could be argued that bearing in mind the amount of the credit limit, at the absolute most, Virgin Money ought to have found out more about Miss S' actual regular living expenses, rather than relying on statistical data. However, the information Miss S has provided doesn't show me that her actual monthly living expenses were significantly higher than any of the estimates that Virgin Money relied on.

In these circumstances, I don't think that Virgin Money finding out more about Miss S' regular living expenses would, in any event, have resulted in it determining that Miss S would be unable to repay this credit card.

As this is the case, while I sympathise with Miss S' situation and I'm sorry to hear that she's found making her repayments difficult, I don't think that Virgin Money did anything wrong when providing this credit card. It is arguable that it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable.

But even if Virgin Money had asked Miss S for more information about her regular living costs and contractually committed expenditure here this wouldn't have made a difference to its decision to lend.

In reaching my conclusions, I've also considered whether the lending relationship between Virgin Money and Miss S might have been unfair to Miss S 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 Miss S 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 Miss S unfairly or unreasonably when providing her with her credit card. And I'm not upholding Miss S' complaint. I appreciate this will be very disappointing for Miss S. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

Although I'm not upholding Miss S' complaint, I would remind Virgin Money of its continuing obligation to exercise forbearance and due consideration, given what Miss S has said about having difficulty making her payments.

I would also encourage Miss S to get in contact with and co-operate with any steps that may be needed to review what she might, if anything, be able to repay going forward. Miss S may be able to complain to us – subject to any jurisdiction concerns – should she be unhappy with Virgin Money's actions in relation to collecting the outstanding balance .

My final decision

For the reasons I've explained, I'm not upholding Miss S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 5 March 2026.

Jeshen Narayanan
Ombudsman