

The complaint

Mrs T complains Clydesdale Bank PLC trading as Virgin Money (Virgin) failed to carry out thorough enough financial checks before it approved a credit card account for her.

What happened

Mrs T says Virgin approved a credit card account for her in September 2024 with a credit limit of £3,900. Mrs T says this was at a time she was already struggling financially and if Virgin had carried out more thorough checks, other than just relying on agency data, it would have seen the borrowing was unaffordable.

Mrs T says the matter has caused her considerable stress and worry and wants Virgin to refund all interest and charges on the account and to remove any negative markers on her credit file relating to this account.

Virgin says before it approved the credit limit, it carried out various financial checks using information contained within Mrs T's application, alongside data obtained from credit reference agencies (CRA's). Virgin says from that information there was nothing to suggest Mrs T was struggling financially and it wasn't aware of any vulnerability issues at the time of application. Virgin says it conducted affordability assessments which evidenced the new borrowing was well within her means.

Mrs T wasn't happy with Virgin's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says there are no set list of checks lenders like Virgin must undertake but these should be borrower focused. The investigator says Virgin completed an income and expenditure assessment using data from CRA's and Mrs T's declared income, which it verified from external sources, which identified Mrs T's net disposable income at around £500 per month.

The investigator felt the checks were proportionate and there was no evidence of any financial issues such as CCJ's, defaults or payment arrears and Mrs T's external debt wasn't at a level of concern compared to her income.

Mrs T didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I was sorry to learn Mrs T is struggling financially and I can understand this must be a source of worry for her. When looking at this complaint I will consider if Virgin carried out reasonable

and proportionate financial checks before it approved the credit card account for Mrs T.

Mrs T's complaint centres around her view that Virgin should have carried out more comprehensive credit checks before it approved the credit facility of £3,900 for her, rather than just relying on agency data.

I understand Mrs T feels strongly about this, in particular that the rent she declared in her application was clearly unrealistic and this should have been investigated further. While I understand the points Mrs T makes here I'm not fully persuaded by her argument and I will go on to explain why.

As the investigator has pointed out there are no set list of checks lenders like Virgin must carry out before approving credit facilities, but these should be borrower focused taking into account the amount, type, term and cost of any borrowing. I should say here it's not for me to tell Virgin what those checks must consist of, or from what sources those checks should come from.

From the information I have seen, before the credit card limit was agreed, Virgin carried out credit searches, income and expenditure assessments and referenced information contained in Mrs T's application, in which she declared she was employed earning circa £39,000 per annum, which it verified by external sources. Based on what I have seen, there was no indication of external financial pressure nor any indication on her credit file of defaults or CCJ's or anything to suggest Mrs T was struggling financially at that time.

So with that in mind, I'm satisfied before Virgin provided a credit card facility of £3,900, it carried out reasonable and proportionate checks. I can also see Virgin carried out affordability modelling which based on Mrs T's declared and verified income, her existing debt costs, declared rental costs and living expenses, indicated a net disposable income of around £500 per month. It's also worth mentioning here that Mrs T's external debts totalled around £17,000 - which wouldn't be considered particularly high in relation to her annual income.

So while Mrs T believes further income and expenditure checks should have been carried out by Virgin such as her rent payments, I would only expect this if there were any obvious signs of financial pressure such as arrears, late or missed payments on other external borrowing – but that wasn't the case here. So I'm satisfied on balance, the financial checks Virgin undertook at the time were reasonable and proportionate in the circumstances, and its decision to lend was fair.

I've also considered whether Virgin acted unfairly or unreasonably in some other way given what Mrs T has complained about, including whether its relationship with her might have been unfair under s.140A Consumer Credit Act 1974. However, for the same reasons I have set out above, I've not seen anything that makes me think this was likely to have been the case.

While Mrs T will be disappointed with my decision, I won't be asking anymore of Virgin.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 17 February 2026.

Barry White
Ombudsman