

## **Complaint**

Mrs B has complained about a credit card Clydesdale Bank Plc (trading as “Virgin Money”) provided to her.

She says that the card was provided to her despite her existing high debt levels and her being unable to afford additional credit.

## **Background**

Virgin Money provided Mrs B with a credit card with a limit of £11,200.00 in October 2021. The credit limit on the card was never increased.

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

Mrs B 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 Mrs B’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 Mrs B could afford to repay any credit it provided.

Having carefully considered everything, I’ve decided not to uphold Mrs B’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 Mrs B’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 Mrs B would be able to make the monthly repayments due on a credit limit of

£11,200.00. On the other hand, Mrs B says that she shouldn't have been lent to given her existing debts at the time.

I've considered what the parties have said.

What's important to note is that Mrs B was provided with a revolving credit facility rather than a loan. And this means that to start with Virgin Money was required to understand whether a credit limit of £11,200.00 could be repaid within a reasonable period of time, rather than all in one go.

It's important to note that a reasonable period of time isn't defined in the rules. Although, the guidance indicates that the typical term associated with repaying a fixed-sum loan of this much provides a useful yardstick. A typical term for a loan for around £11,200.00 would be around five years.

From the information provided, it looks like Mrs B declared that she was employed and earning £45,000.00 a year. Virgin Money 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 did not indicate that Mrs B had had any recent previous difficulties repaying credit – such as defaulted accounts or county court judgments recorded against her.

However, these checks will have shown that Mrs B did have some existing debts - some of which were on credit cards. Mrs B says that she shouldn't have been lent to because of these existing debts. However, I note that this credit card had a 0% interest rate offers for balance transfers. And Mrs B had the option of transferring some of her existing credit card debt, to a much lower interest rate, on to this account.

Indeed, I think that Mrs B applied for this credit card in order to transfer existing balances on to this account at 0% interest, as she immediately transferred such debt onto this card. I'm therefore satisfied that Mrs B was always likely to pay less interest than she would have done had the balance stayed where it was and she was therefore able to make larger inroads into her balance.

Nonetheless, I think that given the amount being lent here and the credit which Virgin Money was already aware of, there is a reasonable argument for saying that it would have been reasonable and proportionate for Virgin Money to find out a bit more about Mrs B's regular living costs before offering this credit card.

However, I don't think that proportionate checks would have extended into obtaining bank statements. I say this particularly as there is no requirement for a lender to obtain statements from a customer. Having considered the evidence Mrs B has provided, I don't think that Virgin Money obtaining further information on Mrs B's committed regular living expenses at the time and supplementing what it knew about her credit commitments, is likely to have led it to conclude that she did not have the funds to sustainably make the repayments due.

For the sake of completeness and given the importance Mrs B has placed on this, I would also add that I've noted Mrs B analysis of the information on her bank statements and her arguments regarding being regularly overdrawn. In the first instance, as Virgin Money didn't have Mrs B's bank statements and it wasn't required to obtain them, I don't think that it could reasonably have known about the regularity of Mrs B's overdraft usage.

In any event, there isn't a prohibition on a lender lending to a customer using an agreed overdraft. Ultimately, if Mrs B is unhappy at the way she was allowed to use her overdraft this is something that she'll need to take up with her bank rather than Virgin Money. So, in

these circumstances, it's difficult for me to conclude that Virgin Money would have found out that Mrs B would be placed in a worse position, at this time, even if it had tried to find out more about Mrs B's living costs before taking the decision to offer her this credit card.

In reaching my conclusions, I've kept in mind that Mrs B was going to take advantage of a balance transfer offer and pay no interest on the credit card debt she was going to transfer for some time. Mrs B not having interest to pay on this debt will have given her a significantly greater opportunity to reduce what she already owed, as well as reduce what she would have to pay to balances that had already accrued. And, in these circumstances, Virgin Money had no reason to believe that Mrs B's indebtedness would increase.

This is also important given that I don't think a borrower transferring what they can and then making minimum payments in these circumstances would be considered a sign of difficulty, as the whole of the minimum payment would be going to reduce the capital. So I'm not in agreement with Mrs B when she says that this activity ought to have led to Virgin Money having concerns. In any event, as the balance transfer was already interest free, it's unclear to me how Virgin Money could exercise further forbearance on a debt that Mrs B had already accrued prior to applying for this card.

I'm sorry to hear that Mrs B found it difficult to repay her credit card and that she's ended up in a Debt Management Plan. I do sympathise with the situation that Mrs B is in. It's possible that this could have been because Mrs B went on to reestablish balances on the accounts she made her balance transfers from.

However, I don't think that Virgin Money could reasonably have anticipated that this would happen, or that Mrs B would end up in difficulty. As I've explained, even if Virgin Money had asked Mrs B for more information about her regular living costs and contractually committed expenditure here, I'm not persuaded that this would have made a difference to its decision to lend.

In my view, this would have simply reinforced the notion that if Mrs B did go on to transfer her existing credit card balances, she was likely to be in a better financial position, provided she closed her existing accounts. I can't hold Virgin Money responsible for the fact that Mrs B may have gone on to reestablish balances on the revolving credit accounts, as it wasn't able to close accounts that it didn't provide.

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

### **My final decision**

For the reasons I've explained, I'm not upholding Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or

reject my decision before 17 February 2026.

Jeshen Narayanan  
**Ombudsman**