

The complaint

Mr M complains that Clydesdale Bank Plc trading as Virgin Money (VM) acted irresponsibly when lending to him.

What happened

Around April 2024 Mr M applied for a revolving credit facility (credit card) with VM. Mr M in his application wanted to transfer a balance of £7,500 from an interest-bearing account. His application was successful and a credit card with a promotional option of 0% interest on balance/money transfers was issued with a credit limit of £7,900. Around August 2025 VM increased Mr M's credit limit by £500 to £8,400. Mr M said had VM properly checked they would have seen he'd a rapid escalation of unsecured debt, and that he was borrowing to repay borrowing. He complained to them.

VM said their checks were reasonable and proportionate having used application, credit reference agency (CRA) and statistical data to assess whether Mr M could sustain the repayments. Based on this evidence they said their lending decision(s) were fair.

Mr M wasn't happy with VM's response and referred his complaint to us.

Our investigator said the checks for the initial account opening were reasonable and proportionate. And based on these checks VM had made a fair lending decision. But VM's checks showed for the credit limit increase that Mr M's overall indebtedness had increased by around £28,000. They said based on what VM's checks showed they should have looked further into Mr M's finances. But after reviewing his bank statements and considering his income and expenditure found Mr M should have had sufficient disposable income to sustain the additional repayment.

Mr M didn't agree, he said it was evident the lending wasn't affordable by how quickly following VM's lending decision(s) he'd had to enter into a Debt Management Plan as he couldn't sustain his repayments on his existing debt. He asked for an ombudsman to decide.

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.

While I empathise with the position Mr M finds himself in, for me to say VM must do something different I must first be satisfied that they've done something wrong. I can't see that they have here which is why I won't be asking them to do anything else. I'll explain why.

I've considered the relevant rules and guidance on responsible lending set by the regulator, laid out in the consumer credit handbook (CONC). In summary, these say that before VM offered the facility they needed to complete reasonable and proportionate checks to be satisfied Mr M would be able to repay the debt in a sustainable way.

There isn't a set list of checks a lender must do. But they should consider a number of different things such as how much was being lent, the repayment amounts and the consumer's income and expenditure. So, I need to consider when deciding a fair and reasonable outcome given the circumstances of this complaint:

1. Did VM carry out reasonable and proportionate checks to satisfy themselves that Mr M was likely to have been able to repay the borrowing in a sustainable way?
 - a. If VM carried out such checks, did they make a fair lending decision using the information they had? Or
 - b. If VM didn't carry out such checks, what would appropriate checks have shown as to the likelihood Mr M would be able to repay the borrowing in a sustainable way?
2. Did VM act unfairly or unreasonably in some other way?

We also think affordability checks should be "borrower-focused", in other words, it wasn't enough for VM to think only about the likelihood that they would get their money back. But they also needed to think about the impact repaying the lending would have on Mr M.

What's important to note is that Mr M was provided with a revolving credit facility rather than a loan. As it was revolving credit there's no set amount that needed to be repaid each month. But CONC requires a lender to assume when carrying out their assessment that the entire credit limit is drawn down at the earliest opportunity and repaid in equal instalments over a reasonable period. And Mr M had said he intended to transfer a balance of £7500, with transfer fees of around £200. The promotional offer extended to December 2025, so I think VM could have reasonably assumed Mr M would have needed to pay around £385 each month to settle the outstanding balance within a reasonable period.

CONC says a lender must take reasonable steps to estimate a consumer's income and non-discretionary outgoings. It says generally a lender shouldn't solely rely on a consumer's declared income but should seek validation through an independent source, such as a CRA or third party. CONC also allows for a lender to use statistical data in determining a consumer's non-discretionary outgoings. I've considered the checks VM did.

In his application Mr M was asked to provide details about, amongst other things, his employment status, his gross annual and household income. As well as about some of his non-discretionary outgoings and the number of dependents he had. Mr M said he was employed with a gross annual income of £39,900 and declared a household income of £69,900. He said he was a homeowner with two dependents and that he committed £325 towards his mortgage.

VM verified Mr M's declared income using a standard industry check, known as a Current Account Turn Over (CATO) check. Which assessed Mr M's household income to be around £4,492.46. I'm satisfied that VM took reasonable steps to acquire Mr M's income and used this amount as part of their lending decision.

I understand that by using the household income VM was including Mr M's partner's income in its affordability assessment. But I can also see from the information provided by VM that they also assessed any outgoings based on the household too, as they assessed Mr M's mortgage/rent outgoings to be £875. I'm satisfied that's an approach that aligns with the relevant lending rules.

VM also checked Mr M's credit history which showed he'd non-revolving debt of £28,502, and revolving debt of £2,396. This also showed he'd a debt-to-income ratio of 49.1%. From this and statistical data they assessed Mr M's other non-discretionary expenditure to be

£1,782.04, with non-revolving commitments of £795, which meant he should have had a monthly disposable income of £1,040.42. VM found Mr M hadn't any missed payments, outstanding county court judgments or evidence of recent payday lending.

While the ability to repay credit without issue doesn't mean that there isn't financial distress. A good repayment history is a fairly reliable indicator that an individual can manage debt responsibly. And the opposite is also usually the case, if credit is unaffordable this is usually demonstrated by a problematic repayment history, either to the credit or other bills.

So, I'm satisfied VM took reasonable steps to estimate Mr M's income and expenditure, and I don't think that there was anything immediately obvious in the information that VM had, including Mr M's existing credit, which meant they shouldn't rely on it.

As such I don't think VM needed to have asked Mr M to provide further evidence in support of his income and expenditure such as bank statements, before providing him with a credit facility in this instance. And based on these checks the lending decision they made I consider to be fair, as Mr M should have had sufficient disposable income to sustain the repayments. And VM weren't adding to Mr M's financial burden as he was transferring an interest-bearing balance to a zero-interest facility thereby this should have reduced his monthly commitments.

VM increased Mr M's credit limit by £500 around August 2025, as outlined above VM would have needed to determine whether Mr M could sustain the repayments for this additional credit facility. VM were approving an additional credit limit of £500, this means they needed to assess whether Mr M could sustain an additional monthly repayment of around £25 a month for any outstanding balance to be cleared within a reasonable period.

I can see from VM's records that Mr M's unsecured debt at the end of July 2025 had increased to £58,866 with his revolving debt now showing as £7,037. VM also had the additional information as to how Mr M was managing his credit facility with them. I can see Mr M's outstanding balance on his May 2025 statement was £15.99. And that whilst he'd transferred money utilising the 0% interest option. He'd also paid over £10,000 into the account which shows on his July 2025 statement.

Although the credit limit increase was for a relatively low amount, it was evident Mr M was more reliant on debt, add this to the level of money in and out of the account I think should have prompted VM to do further checks.

This doesn't automatically mean they shouldn't have lent to Mr M only that they should have checked further. I wouldn't generally expect a lender to seek bank statements. But for our purposes these provide a good indicator of Mr M's financial situation.

Having reviewed Mr M's bank statements for the three months prior to the credit limit increase, once his committed non-discretionary regular living expenses and existing credit commitments were deducted from what he received each month, he appears to have had the funds to make a sustainable repayment for this additional repayment. I haven't seen any obvious signs of financial strain, such as prolonged use of an overdraft, reliance on short-term lending or returned direct debits. And Mr M's credit report shows he was managing his active account, as there wasn't any adverse information registered.

While I can see he'd taken out two loans in June 2025 for £19,000 and £5,829, from his bank statements these appear to have been for the purpose of debt consolidation. Also, from Mr M's credit report I can see he'd been accepted for a mortgage of around £148,000 just prior to the new lending, and the checks for this level of lending are far more stringent than that for a revolving credit facility. So, I can't say that VM, on balance, wouldn't have lent to

Mr M even if they'd checked further into his financial circumstances at the time of lending as further checks showed he should have had sufficient disposable income to sustain the repayments.

I understand my decision will disappoint Mr M but I hope my reasoning provides some assurance as to why I've reached my decision.

I've also considered whether VM acted unfairly or unreasonably in some other way given what Mr M has complained about, including whether their relationship with him might have been viewed as unfair by a court under Section 140A Consumer Credit Act 1974. But for the reasons I've already given I don't think VM lent irresponsibly to Mr M or otherwise treated him unfairly. I haven't seen anything to suggest that s.140A or anything else would given the facts of this complaint, lead to a different outcome here.

Although I'm not upholding this complaint, I'd like to remind VM of their obligation to exercise forbearance if they intend to collect any outstanding balance remaining on the account and it's the case that Mr M is experiencing financial difficulty.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 10 February 2026.

Anne Scarr
Ombudsman