

The complaint

Miss A complains that Clydesdale Bank Plc trading as Virgin Money irresponsibly lent to her.

What happened

Miss A was approved for a Virgin Money credit card in October 2023, with a £2,800 credit limit. In June 2025, the credit limit was increased to £5,600. Miss A says Virgin Money irresponsibly lent to her. Miss A made a complaint to Virgin Money, who did not uphold her complaint. Virgin Money said that based upon their assessments, affordable and appropriate credit limits were assigned to her. Miss A brought her complaint to our service.

Our investigator did not uphold Miss A's complaint. He said that the checks Virgin Money completed were proportionate, and they made fair lending decisions. Miss A asked for an ombudsman to review her complaint. She made a number of points. In summary, she said that Virgin Money have since suspended her account, Virgin Money allowed her to take on her ex-partners debt via a balance transfer to her account, and persistent minimum repayments were a clear sign of financial difficulty.

Miss A said that while she didn't use the credit on the credit limit increase, the increase still impacted her overall credit file, when she was going to apply for a mortgage, and she could have fallen back into damaging financial habits. Miss A has said the decision to suspend the account is contradictory as if they genuinely believed she was not in financial difficulty, and that the lending was affordable, there would be no reason to suspend her account, and this is materially unfair. She said Virgin Money should have completed further checks based on her circumstances at the time and allowing large balances to be transferred to the card.

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.

Firstly, I'm aware that I've only summarised Miss A's complaint points. And I'm not going to respond to every single point made by her. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I'd like to thank Miss A for being so open regarding her financial situation, and her personal circumstances. I want to assure Miss A that while I won't document everything she's told us in this decision, to help protect her identity, I have read everything she's told us, including what she has said about her ex-partner.

Before agreeing to approve or increase the credit available to Miss A, Virgin Money needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments,

as well as the consumer's personal circumstances. I've listed below what checks Virgin Money have done and whether I'm persuaded these checks were proportionate.

Acceptance for the Virgin Money credit card

The information showed that Miss A had no County Court Judgements (CCJ's) or defaults being reported by the Credit Reference Agency (CRA) that Virgin Money used, and no accounts in arrears at the time of the checks. Miss A declared a gross annual income of £28,000.

The CRA informed Virgin Money that Miss A had unsecured debt of £19,111, of which £18,110 was for revolving credit (such as credit cards/store cards/overdrafts etc). Virgin Money completed an affordability assessment for Miss A. But Miss A was showing as having a financial associate, and she declared additional household income, Virgin Money completed a household affordability assessment to see if Miss A would be able to afford repayments for the £2,800 credit limit.

I'm persuaded that it was fair for Virgin Money to expect Miss A wouldn't pay all of the household outgoings, and this is why it would be fair to consider what her financial associate would be paying also towards the outgoings. While her financial associate wouldn't be responsible for paying any of the repayments on the Virgin Money credit card, it wouldn't be fair to include outgoings that Miss A wouldn't be paying towards the household expenditure either.

Virgin Money used information from Miss A such as her housing costs, and modelling to estimate the other outgoings, which is an industry standard way of estimating outgoings. The CRA also reported how much Miss A was spending monthly towards her existing credit commitments. The affordability assessment suggests that Miss A would be able to afford sustainable repayments for a £2,800 credit limit.

So based on there being no adverse information on Miss A's credit file, and the results of the affordability assessment, then it wouldn't have been proportionate for Virgin Money to complete further checks such as requesting Miss A's bank statements to see her actual outgoings.

The account Miss A applied for was a balance transfer card. So if she transferred balances from other credit cards she had, then I wouldn't expect her overall debt to increase by £2,800. And her disposable income may actually increase due to the promotional interest free offer from Virgin Money, or she may choose to keep her same repayments to reduce the outstanding balance quicker.

So I'm persuaded that Virgin Money's checks were proportionate here, and they made a fair lending decision.

I have considered what Miss A has said about Virgin Money allowing her ex-partner to transfer a balance from their account to Miss A's Virgin Money credit card. But while I can empathise with the position Miss A found herself in here, I can't fairly say that Virgin Money would or should have been aware of this.

I say this because based on the screenshots Virgin Money have sent me regarding the balance transfer process, Miss A would have to agree to the statements prior to a decline or agree button. One of these statements is *"You can only make a balance transfer to a UK bank or building society account in your name"*.

So as Miss A agreed to this statement, Virgin Money would not have known the balance

transfer was paying off her ex-partner's balance. In addition to this, Virgin Money don't ask for the name of the person who's card the balance transfer is going to, based on the applicant agreeing it would be in their own name, therefore Virgin Money only need the card number to process the payment. They are not required to carry out further checks when an applicant has agreed to the statements prior to processing the balance transfer. So I can't fairly say that Virgin Money should have done anything differently here.

June 2025 credit limit increase - £2,800 - £5,600

I have not made a finding on whether Virgin Money has made a fair lending decision or not for this lending decision as even if I deemed them to have made an unfair lending decision, there would be no action that Virgin Money would need to take here.

I say this because Miss A had no balances over £2,800 after the June 2025 lending decision, so there would be no interest over £2,800 that they would need to refund. The statements show there were no fees/charges incurred after the June 2025 credit limit increase, and Miss A has a £0 balance so there would be no repayment plan that needs to be set up, and no adverse information to correct with the CRA's.

I know Miss A has said that the increased credit limit could affect her mortgage application, and that she could have fallen back into damaging financial habits. But I can only look at what has happened, not what might have happened. Ultimately Miss A didn't use the extra credit.

Although Miss A has said her credit file has been affected as a result of what happened with her overall credit increasing, it's likely that as she didn't use the extra credit then her credit utilisation would be lower than if she did use it, and it would show she was not reliant on using all of her available credit. So these can be positive factors for lenders.

But I'm not persuaded that Miss A has been able to demonstrate any detriment here. And if she perceived the increased credit limit to cause her detriment, then I would expect her to simply ask Virgin Money to reduce the credit limit, but she did not make a request for them to do this. So I won't be asking Virgin Money to do anything further on this point.

I've considered what Miss A said about Virgin Money suspending her account without being told about this. As this is a new complaint point, then I'm unable to make a finding on this as Miss A will need to make a complaint to Virgin Money for them to look into first. If she is unhappy with their response, then she may be able to bring this to our service.

But in relation to this complaint about irresponsible lending, I'm not persuaded that going on to withdraw the credit after Miss A has complained it was irresponsibly lent, is the same as agreeing it was initially irresponsibly lent.

Although Miss A has said she was paying the minimum repayments and Virgin Money still increased the credit, her payment history doesn't always show her making minimum repayments. In the three months leading up to the credit limit increase, Miss A in March 2025 made a repayment of £237.75, in April 2025 she made a repayment of £266.48, and between 23 April 2025 – 19 May 2025, she made total repayments of £323.26, which I wouldn't expect Miss A to be able to make these much higher repayments if she was financially struggling at the time.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that Virgin Money lent irresponsibly to Miss A or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this

complaint, lead to a different outcome here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 9 April 2026.

Gregory Sloanes
Ombudsman