

The complaint

Miss H complains that a credit card account with Clydesdale Bank plc, trading as Virgin Money, wasn't affordable for her.

What happened

Miss H applied to Virgin Money for a credit card account with a 0% balance transfer offer in August 2019. Her application was accepted and an account with a credit limit of £6,200 was opened for her. She complained to Virgin Money in April 2025 about the affordability checks that it had made.

Virgin Money didn't uphold her complaint. It said that the decision to approve the application was made using the details provided by Miss H and information held with the credit reference agencies about the performance of other products she held and there was nothing that indicated financial difficulties. Miss H wasn't satisfied with its response so referred her complaint to this service.

Miss H's complaint was looked at by one of this service's investigators who didn't think that Virgin Money had acted fairly. Miss H's complaint was then looked at by another of this service's investigators who, having considered everything, also didn't think that Virgin Money had acted fairly. He didn't think that the checks completed by Virgin Money were proportionate for the credit being offered and that, if it had completed reasonable and proportionate checks, it would have seen that the lending was unaffordable to Miss H. He recommended that Virgin Money should rework the account, removing all interest, fees, charges, and refund any credit balance to Miss H, with interest or arrange an affordable repayment plan for any outstanding balance. He also described how any adverse information in relation to the account should be dealt with.

Virgin Money didn't agree with the investigator's recommendation and has asked for the complaint to be passed to an ombudsman to assess. It says that:

- Miss H's income was successfully validated using an internal model and no further checks were required;
- Miss H's bank statements don't show the full picture of Miss H's financial standing as it's aware of a joint account which would manage the bulk of the household bills;
- Miss H had requested a balance transfer of £7,530.65, but it determined that a limit of £6,200 was affordable;
- the information from the credit reference agency data for Miss H showed there was no financial stress and her statements provided support that;
- the interest free period would have assisted Miss H, but she had a direct debit set up to collect £150, almost three times the required minimum payment;
- Miss H was never late with a payment, so no adverse marks have been recorded on her credit report;
- the bureau scores for the life of the account don't show that Miss H was in any financial stress; and
- the account was responsibly affordable.

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.

Miss H applied to Virgin Money for a credit card account with a 0% balance transfer offer in August 2019 and it says that she declared the individual and household income and that it made a credit search. It says that it only utilises household income when there is evidence of a financial association and, in this case, an association was found. It says that Miss H's income was verified using a reasonableness check which compared her income with a typical verified income for the customer's age and employment status. It also says that Miss H's commitments were also considered in its automated affordability assessment.

Virgin Money was required to make reasonable and proportionate checks to ensure that any credit to be provided to Miss H was sustainably affordable for her before opening the credit card account. It says that Miss H had declared that her income was £13,870 and that she also declared her household income and it verified her income using a reasonableness check. As Miss H's income was £13,870 and she was applying for a credit card account with a balance transfer of £7,530.65, I consider that reasonable and proportionate checks in these circumstances would have required Virgin Money to have obtained a more detailed understanding of Miss H's financial situation. I don't consider that it has provided enough evidence to show it made reasonable and proportionate checks to ensure that the credit was sustainably affordable for Miss H.

Miss H has provided copies of her bank statements which she says show her income and expenditure. Virgin Money says that it's also aware of a joint account, but Miss H says that she didn't mention the joint current account as she wasn't using it in a way that was relevant. She's now also provided copies of statements for the joint account. I don't consider that Virgin Money was required to ask for, or review, copies of Miss H's bank statements as it could have obtained more detailed information about her financial situation in other ways, but I've considered what the bank statements show as they're a good source of information about Miss H's income and expenditure in the months before the credit card account was opened.

Those statements show that in the three month period from May to August 2019, Miss H's average monthly income, including child benefit, was £704.96, so considerably less than the income that she'd declared and which Virgin Money says that it had verified. The investigator conducted a detailed income and expenditure assessment using the information from those statements which shows that Miss H's disposable income was £117 each month. As the credit was for a balance transfer, the assessment didn't include the financial commitments that were likely to be affected by the balance transfer.

I consider that, if Virgin Money had made reasonable and proportionate checks, it's more likely than not that it would have identified that Miss H would only have been left with a disposable income of about £117 each month, which wouldn't have been sustainably affordable for her, particularly as it would've known that she had a family, so it shouldn't have provided her with the credit card account. Virgin Money says that Miss H set up a direct debit payment of £150 and hasn't missed a payment, but I'm considering whether or not it made a fair lending decision when it provided a credit card account to Miss H with a balance transfer of £6,200. For the reasons that I've described, I don't consider that Virgin Money made a fair lending decision and I find that it would be fair and reasonable in these circumstances for it to take the actions described below to put things right.

Putting things right

I find that Virgin Money should rework Miss H's credit card account to remove all interest, fees and other charges that it has applied to the account. If the reworking results in a credit balance, it should refund the credit balance to Miss H and should pay interest on any credit balances that there would have been on the account at an annual rate of 8% simple. Virgin Money says that no adverse marks have been recorded on Miss H's credit report, but I consider that it should also ensure that any adverse information about the credit card account that it's reported to the credit reference agencies is removed from Miss H's credit file.

If the reworking results in an outstanding balance owed by Miss H, it should agree an affordable repayment arrangement with Miss H for the outstanding amount and, when she's cleared that balance, it should also ensure that any adverse information about the credit card account that it's reported to the credit reference agencies is removed from Miss H's credit file.

HM Revenue & Customs requires Virgin Money to deduct tax from any interest to be paid to Miss H. Virgin Money must give Miss H a certificate showing how much tax it's deducted if she asks it for one.

My final decision

My decision is that I uphold Miss H's complaint and order Clydesdale Bank plc, trading as Virgin Money, to take the actions described above.

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

Jarrold Hastings
Ombudsman