

The complaint

Ms W complains that Clydesdale Bank Plc trading as Virgin Money lent irresponsibly when it approved her credit card application.

What happened

Ms W applied for a Virgin Money credit card in July 2023. In her application, Ms W said she was employed full time with an annual income of £33,000 that Virgin Money calculated left her with £2,139 a month net. Virgin Money used a service provided by the credit reference agencies to verify the income figure noted in Ms W's application. Ms W also said she was renting her property at £400 a month.

A credit search found outstanding debts totalling £795. No adverse credit, defaults or recent missed payments were noted on Ms W's credit file.

Virgin Money completed an affordability assessment using Ms W's net monthly income of £2,139 and deductions of £400 for rent, £1,035 as an estimate of her general living expenses and around £10 for existing debt repayments. Virgin Money says that left Ms W with around £695 a month as a disposable income. Virgin Money approved Ms W's application and issued a credit card with a limit of £5,200.

More recently, Ms W complained that Virgin Money lent irresponsibly and it issued a final response. Virgin Money said it had carried out the relevant lending checks before approving Ms W's application and didn't agree it lent irresponsibly. Virgin Money explained that help and support is available for customers experiencing financial difficulties and provided contact details for a specialist team that could complete an assessment to review Ms W's circumstances.

An investigator at this service looked at Ms W's complaint. They thought Virgin Money completed proportionate checks before approving Ms W's application and its decision to lend was reasonable based on the information it obtained. The investigator wasn't persuaded Virgin Money lent irresponsibly or treated Ms W unfairly and didn't uphold her complaint.

Ms W asked to appeal and said she had a very high amount of unsecured credit already when applying to Virgin Money for her credit card. Ms W added that proper affordability checks would've shown she was already having difficulty affording her existing debts and outgoings and was borrowing each month which wasn't sustainable. Ms W also explained that a fixed payment arrangement she'd agreed with Virgin Money had been incorrectly set up leading to problems and an impact to her credit file. Ms W said she wanted Virgin Money to refund the interest, fees and charges applied to her account and remove any missed payments recorded on her credit file as well as compensation for the distress and inconvenience caused. As Ms W asked to appeal, her complaint has been passed to me to make a 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.

Before agreeing to lend, the rules say Virgin Money had to complete reasonable and proportionate checks to ensure Ms W could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information that Virgin Money obtained when considering Ms W's application above. I can see Ms W advised she was employed with an annual income of £33,000 in the application. Ms W's since explained that wasn't the case and that her income wasn't in line with those details. But I can see Virgin Money's application data and it shows a verification process was completed that confirmed the income figure Ms W provided. Virgin Money went on to use a net monthly income figure of £2,139. Given the income Ms W gave in the application was verified by Virgin Money I'm satisfied it reasonably used that figure when deciding whether to lend.

A credit search was completed by Virgin Money. No adverse credit, defaults or recent missed payments were noted on Ms W's credit file. I think there's a significant difference between the credit file results Virgin Money obtained and the information Ms W has since provided. Virgin Money's credit search found Ms W had existing debts of £795. But in her complaint, Ms W said her debts came to around £17,000. Ms W's sent us a credit file from October 2025. Clearly that's somewhat later, but I was able to find debts of around £10,000 that were open in July 2023. So there is a disparity in terms of the credit file information available in this case.

Whilst I understand the credit search Virgin Money completed only returned an outstanding balance figure of £795 for Ms W's other unsecured debts, I haven't been persuaded it was unreasonable to use that information. Virgin Money used one of the major credit reference agencies to complete the credit search, as it does as a standard part of every credit card application. And the results provided said Ms W had no historic credit issues and a low outstanding balance. I haven't seen anything in the credit file information Virgin Money obtained that would've indicated Ms W's debts were significantly higher or that it needed to do more to investigate how much she owed.

The affordability assessment used Ms W's net monthly income of £2,139 and took her £400 rent and a modest payment for the £795 unsecured credit into account. I can see an estimate of Ms W's general living expenses of £1,035 was used in the affordability assessment – an approach Virgin Money is allowed to take under the relevant lending rules. In my view, that was a reasonable figure to use. The end result of Virgin Money's affordability assessment was that Ms W had a disposable income of £695 a month. In my opinion, that was a reasonable conclusion following proportionate lending checks. And I'm satisfied that the disposable income figure obtained would've been sufficient to sustainably

afford repayments to a new credit card with a limit of £5,200. I'm very sorry to disappoint Ms W but I haven't been persuaded Virgin Money lent irresponsibly.

Ms W has also raised concerns about how her account has been handled by Virgin Money. I've read Ms W's complaint to Virgin Money and its final response. I think it's fair to say Ms W's complaint focused on the irresponsible lending issue which is what Virgin Money covered in its final response. I can also see Virgin Money provided details of its specialist support team, explaining the type of help it can provide, and contact details for independent organisations that can provide debt advice and support. In my view, that was a reasonable response to the issues Ms W raised.

Ms W gave details of problems experienced when setting up a fixed payment with Virgin Money. Ms W's explained that issue led to two missed payments being recorded on her credit file. That issue wasn't covered in Virgin Money's irresponsible lending final response. But if Ms W has received a final response in relation to that complaint she is welcome to refer the matter to us and we can look at it as a separate complaint. If Virgin Money hasn't issued a final response, Ms W has the option of raising this issue with it as a new complaint.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Virgin Money lent irresponsibly to Ms W or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don't uphold Ms W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 5 March 2026.

Marco Manente
Ombudsman