

Complaint

Mr I has complained about a credit card Clydesdale Bank Plc (trading as “Virgin Money”) provided to him. He says he shouldn’t have been provided with this credit card as it was unaffordable for him.

Background

Virgin Money provided Mr I with a credit card with a limit of £10,000.00 in August 2021. The credit limit on the card was never increased.

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

Mr I disagreed and asked for an ombudsman to look at his 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 Mr I’s complaint.

Having carefully considered everything, I’ve decided not to uphold Mr I’s complaint. I’ll explain why in a little more detail.

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 Mr I could afford to repay any credit it provided.

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 Mr I’s application for a credit card after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr I would be able to make the monthly repayments due on a credit limit of £10,000.00. On the other hand, Mr I says that he shouldn’t have been lent to.

I’ve considered what the parties have said.

What's important to note is that Mr I was provided with a revolving credit facility rather than a loan. And this means that Virgin Money was required to understand whether a credit limit of £10,000.00 could be repaid within a reasonable period of time – not all in one go. 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 £10,000.00 would be around five years.

From the information provided, it looks like Mr I declared that he was employed and earning around £53,000.00 a year. There isn't anything to indicate that this was inaccurate. Indeed, Virgin Money appears to have cross checked Mr I's declaration against information from credit reference agencies on the amount of funds going into his main bank account each month.

Virgin Money's credit check also did not indicate that Mr I had had any recent previous difficulties repaying credit – such as defaulted accounts or county court judgements - either. Furthermore, while I've noted Mr I has referred to his existing debts, this credit card had a 0% interest rate offers for balance transfers. So Mr I had the option of transferring some of his existing credit card debt, to a much lower interest rate, on to this account. Indeed, I think that Mr I applied for this credit card in order to transfer existing balances on to this account at 0% interest, as he immediately transferred such debt onto this card.

I'm therefore satisfied that Mr I was always likely to pay less interest than he would have done had his existing credit card debt stayed where it was and he was therefore able to make larger inroads into his balance. Whether Mr I went on to do this or not wasn't something that Virgin Money could know at this stage. However, as Mr I was applying for a card that had such a preferential rate, I don't think it would have been unreasonable to reach such a conclusion that this may be what would happen.

In these circumstances, I'm satisfied that there is a reasonable argument for saying that the checks were reasonable and proportionate and that Virgin Money was reasonably entitled to lend to Mr I. Nonetheless, given the amount being lent here, I accept that it could be argued that it would have been proportionate for Virgin Money to find out a bit more about Mr I's normal non-credit related living costs before offering this credit card.

In any event, Mr I hasn't been able to provide us with the information needed in order to determine what his committed non-credit related expenditure was at the time of his application. As this is the case, I'm simply not in a position to say that Virgin Money carrying out further checks would have shown it that it shouldn't have lent to Mr I.

I've also noted that Mr I has referred to his personal circumstances. I'm sorry to hear about what Mr I has told us and I've carefully thought about what he's said. In the first instance, I've not seen anything to indicate that Mr I made Virgin Money aware of what he's told us now when making his credit card application.

As this is the case, I don't think that Virgin Money could reasonably be expected to know about what Mr I has told us either. So I don't think that Virgin Money could have taken what Mr I has told us about now into account when determining whether to lend to him. Therefore, I don't think that Mr I's complaint should be upheld on account of Virgin Money failing to take into account matters that would have seen it deciding against lending to in the first place.

In reaching my conclusions, I've also considered whether the lending relationship between Virgin Money and Mr I might have been unfair to Mr I under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that Virgin Money irresponsibly lent to Mr I or otherwise treated him unfairly in relation to this matter. 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 and while I'm sorry to hear that Mr I found making his credit card payments a struggle and went on to experience difficulty, I don't think that Virgin Money treated Mr I unfairly or unreasonably when lending to him. So I'm not upholding Mr I's complaint. I appreciate this will be very disappointing for Mr I. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

Although I'm not upholding this complaint, I'd like to remind Virgin Money of its continuing obligation to exercise forbearance and due consideration in collecting the outstanding balance on this credit card account. This is especially given what Mr I has now said about his circumstances and his ability to make his payments.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 2 March 2026.

Jeshen Narayanan
Ombudsman