

The complaint

Mr H complains that Clydesdale Bank Plc trading as Virgin Money lent irresponsibly when it approved two credit card applications he made. Mr H also complains about the lack of support provided by Virgin Money when he experienced financial difficulties.

What happened

Mr H applied for a Virgin Money credit card in March 2021 (card 1). In his application, Mr H confirmed he was employed with an annual income of £65,000. Mr H also confirmed there was a total household income of £130,000. Virgin Money used a service provided by the credit reference agencies known as CATO to verify the income figures provided. Mr H also confirmed he was renting at £1,200 a month. A credit search was completed that found Mr H had existing unsecured debts of £3,328. No adverse credit, defaults or recent missed payments were noted on Mr H's credit file.

Virgin Money completed an affordability assessment based on the household income and outgoings as well as Mr H's personal debts. Virgin Money reached the conclusion there was a disposable income of £4,779 a month. Virgin Money approved Mr H's application and issued a credit card with a limit of £4,100. Mr H used the credit card to complete a balance transfer utilising a 0% promotional interest rate until July 2022, incurring fees of £443. Mr H repaid the account in July 2022 and no interest was applied by Virgin Money.

Mr H applied for a new Virgin Money credit card in March 2024 (card 2). In this application, Mr H said he was employed with an annual income of £109,000 and a total household income of £189,000. Again, Virgin Money used CATO to verify the income figures provided by Mr H. A credit search found a mortgage with monthly repayments of £2,484. The credit search also found Mr H had existing unsecured debts of £19,325. No adverse credit, defaults or recent missed payments were found on Mr H's credit file.

An affordability assessment was completed using the household income and outgoings in addition to Mr H's personal debts. Virgin Money says there was a disposable income of £4,267 a month after the existing outgoings were met. Virgin Money approved Mr H's application and issued a credit card with a limit of £7,500.

Mr H went on to use card 2. Mr H has explained he was made unemployed April 2024 and started working again in November 2024. In November 2024 Mr H's statement balance was £7,514.06 against a limit of £7,500. Since that point, Mr H's account balance has been over the agreed credit limit at times.

More recently, Mr H complained that Virgin Money lent irresponsibly and failed to provide reasonable support. Virgin Money issued a final response and said it had completed the relevant lending checks before approving both applications Mr H made and didn't agree it lent irresponsibly. Virgin Money also said support was available via its specialist teams who could complete an assessment of Mr H's circumstances and what he could afford to pay. Virgin Money also provided details of organisations that provide debt advice. Virgin Money added that it also had a specialist support team that can provide additional assistance to vulnerable customers. The relevant contact details for Virgin Money's support teams and

third party services were provided. Virgin Money later restricted Mr H's credit card so no new spending was possible.

An investigator at this service looked at Mr H's complaint. They thought Virgin Money had completed reasonable and proportionate checks when looking at both the applications Mr H made. The investigator also thought Virgin Money's decision to restrict Mr H's account was fair following the complaint he'd made. The investigator said no late or overlimit fees had been applied by Virgin Money to Mr H's account and that there was nothing to show he'd contacted it about being unemployed or experiencing financial difficulties before the complaint was received.

Mr H asked to appeal and said explained why he felt the affordability assessment completed in relation to card 2 wasn't reasonable. Mr H also said the restriction of his account was unfair and led to a situation where he's responsible for paying interest on an account he's unable to use. Mr H explained he doesn't agree that Virgin Money treated him fairly and failed to offer forbearance when he experienced financial difficulties. As Mr H asked to appeal his 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.

As Mr H's broadly falls into two parts, the irresponsible lending element and how Virgin Money treated him when he experienced financial difficulties, I'll deal with each in turn. I'll begin by looking at card 1.

Before agreeing to lend, the rules say Virgin Money had to complete reasonable and proportionate checks to ensure Mr H 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 used when considering the application for card 1 above. Mr H confirmed his personal and household income, totalling £130,000. Virgin Money verified that figure via CATO which confirmed it as accurate. So I'm satisfied as a starting point that Virgin Money was using a reasonable income for Mr H's application. Mr H also advised he was renting his home at £1,200 and I can see this was taken into account.

The credit search showed a reasonably low level of unsecured debt when compared to Mr H's income. No adverse credit was noted on Mr H's credit file. And I'm satisfied the cost of servicing Mr H's existing debts was taken into account by Virgin Money when completing its

affordability assessment. I think Mr H's credit file indicated he was in a stable financial situation at the time.

The affordability assessment took the verified household income into account and made deductions for Mr H's rent, an estimate of the general living expenses and unsecured debt repayments. I realise an estimate for the household general living expenses was used but that's an approach Virgin Money was able to take in line with the relevant lending rules. And I haven't seen anything in the application information that indicates the use of an estimate wasn't reasonable. The affordability assessment reached the view there was a household disposable income of £4,779. And I'm satisfied that would've left Mr H with sufficient funds to be able to sustainably afford repayments to a credit card with a limit of £4,100. In my view, Virgin Money completed proportionate checks before approving card 1 and its decision to do so was reasonable based on the information it obtained.

Card 1 was used for a balance transfer which was later repaid. The account closed in July 2022 when the promotional interest rate ended. From Virgin Money's perspective, Mr H's account was well handled.

Mr H applied for card 2 in March 2024. In the application, Mr H confirmed he was employed and this time gave an annual income of £109,000 with a total household income of £189,000. The income figure was verified by Virgin Money via CATO so I'm satisfied it was working with reasonable information when it completed the affordability assessment.

The credit search found no adverse credit, defaults or recent missed payments. Mr H's other debts had increase to £19,325 by this point. But I think it's reasonable to note that when compared to Mr H's income of £109,000 it was still at a reasonable level. Mr H's mortgage was found and the monthly repayments of £2,434 were used by Virgin Money in its affordability assessment. Even though Mr H's other debts had increased, I think the level of debt he held was proportionate to his income at the time. I haven't seen information on Mr H's credit file that indicates he was struggling when he applied for card 2.

The affordability assessment used the household income and another estimate for general living expenses – in line with the relevant lending rules. After making deductions for Mr H's mortgage, debt repayments and living expenses, Virgin Money reached the view there was a disposable income of £4,267 a month. I haven't seen anything in the application information that ought to have prompted more comprehensive lending checks or indicated Mr H wasn't able to sustainably afford repayments to a new credit card with a limit of £7,500. In my view, Virgin Money completed reasonable and proportionate checks when assessing the application for card 2. And I'm satisfied the decision to approve the application for card 2 was reasonable based on the information Virgin Money obtained. I'm very sorry to disappoint Mr H but I haven't been persuaded Virgin Money lent irresponsibly.

Mr H has explained that he was made unemployed in April 2024, the month after his application for card 2 was approved, and didn't return to work until November 2024. Mr H has pointed out that by November 2024 his balance exceeded the agreed credit limit. Mr H has explained he believes this ought to have prompted a review by Virgin Money and forbearance. I take Mr H's point, but I think it's fair to say the account was £14 over a £7,500 limit in November 2024. And Mr H brought his account back within the agreed limit in December 2024.

The account statements show that Mr H's direct debt was returned unpaid in January 2025. Virgin Money has provided a copy of its contact notes with Mr H and I can see he spoke with its collections team on 28 January 2025. Mr H explained the payment was missed due to an oversight over Christmas. Mr H confirmed the minimum payment was affordable moving forwards and that he was working full time with a good salary. I can see Mr H went on to

make a payment of £412.21 on 31 January 2025 bringing the account back into the agreed limit. However, spending on the credit card during February 2025 meant the account balance went back over the limit again. In my view, Virgin Money was monitoring Mr H's account and made reasonable contact with him in January 2025.

I can see that in the following months Mr H's account balance did exceed the limit by modest amounts but payments continued to be made. I can also see that in April and June 2025 Virgin Money issue letters to Mr H confirming his balance was over the limit and asked him to make a payment. Virgin Money's letter ended by explaining help was at hand and provided contact details. Mr H made payments in the following months but further spending continued to impact the outstanding balance.

I've looked at Virgin Money's monthly credit card statements and can see they explain that if Mr H is unable to make the minimum payments he should call to discuss his account. I think Virgin Money could reasonably have expected Mr H to make contact and advise if he was struggling to maintain his account.

I'm sorry to disappoint Mr H but I haven't been persuaded Virgin Money treated him unfairly. Virgin Money wasn't aware Mr H was made unemployed shortly after his application for card 2 was approved. And Virgin Money contacted Mr H about the status of his account in January 2025 and he confirmed there should be no issues going forward. Virgin Money also sent Mr H credit card statements showing the status of his account and letters confirming the balance was over the agreed limit. That correspondence provided details of how to contact Virgin Money for support. Looking at Virgin Money's contact notes, I can see that when Mr H has engaged it was willing to listen to what he said. Virgin Money's recently confirmed it's applied a breathing space hold to Mr H's account after discussing it with him which is reasonable in the circumstances. I haven't seen anything that persuades me Virgin Money treated Mr H unfairly.

If Mr H is still experiencing financial difficulties and hasn't done so already, he has the option of discussing his situation with Virgin Money and completing an assessment to provide a clearer picture of his circumstances. Virgin Money is required to treat customers experiencing financial difficulties fairly and take their situation into account when thinking about whether the current repayments are affordable. Our website also contains details of organisations that provide support to consumers experiencing financial difficulties.

Mr H has also raised concerns about Virgin Money's decision to restrict his account so it can't be used for new spending. But given the nature of Mr H's complaint and the balance that exceeded the limit for several months, I think Virgin Money was seeking to limit the potential for financial harm. I also note the credit cards terms and conditions, as already set out by the investigator, allow Virgin Money to take that step. I'm sorry to disappoint Mr H but I haven't been persuaded Virgin Money acted unfairly when it restricted his account.

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 Mr H or otherwise treated him 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 Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or

reject my decision before 13 March 2026.

Marco Manente
Ombudsman