

## **The complaint**

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

## **What happened**

Miss J was approved for a Virgin Money credit card in January 2023, with a £2,100 credit limit. Miss J says that this was irresponsibly lent to her. Miss J made a complaint to Virgin Money, who did not uphold her complaint. Virgin Money said that based on their assessment, an affordable and appropriate credit limit was assigned to her. Miss J brought her complaint to our service.

Our investigator did not uphold Miss J's complaint. He said that even if the credit limit was fully maximised at any stage, along with the existing credit reported, this would mean an expected minimum payment of around £536 per month (namely 5% of the overall total balances). And she had a disposable income of £300 a month. So he concluded that the lending decision was fair.

Miss J asked for an ombudsman to review her complaint. In summary, she said her unsecured debt total was almost double what Virgin Money's figures showed, and in addition she had multiple Buy Now Pay Later arrangements, which were on her credit file. Miss J said the £536 payments she was required to make exceeded the £300 disposable income figure quoted, and the disposable income did not reflect her actual financial position or reflect what her bank statements showed, which Virgin Money would have seen if they requested her bank statements. Miss J said she was already utilising around 85-90% of her credit limits.

## **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 J'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 clear up what Miss J believes to be a contradiction regarding what our investigator said about paying £536 a month, and a disposable income of £300. The investigator was referring to what he believed the repayments would be if Miss J repaid 5% of her total balances (assuming she fully utilised the credit limit on the Virgin Money credit card also).

So it would appear to Miss J that she had a disposable income of £300, but she had to pay £536 from this. But what he didn't explain to Miss J is that Virgin Money had already included in their calculations reasonable credit card repayments. Therefore, what he should have explained clearer is that the affordability assessment showed he had £300 to make repayments for the £2,100 credit limit from Virgin Money. But I'll go into more detail on the affordability assessment and the actual figures later on.

Before agreeing to approve the credit available to Miss J, 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.

The information showed that Miss J had no County Court Judgements (CCJ's) or defaults being reported by the Credit Reference Agency (CRA) that Virgin Money used, and she had no accounts in arrears at the time of the checks, or for the six months prior to the checks.

Miss J declared a gross annual income of £21,204. The CRA informed Virgin Money that Miss J had unsecured debt of £8,633 (of which £7,944 was for revolving debt, such as credit cards/store cards/overdrafts etc). I've considered what Miss J has said about her actual debt being around double this figure. But Virgin Money are entitled to rely on the information a CRA gives them, and I can't hold Virgin Money responsible for what a CRA tells them.

There could be a couple of reasons why the unsecured debt total could be different to what Miss J has told us. One of these reasons is if Miss J had recently taken out credit, as it can typically take 4-6 weeks for this to show on a credit file. Another reason could be if all of her lenders don't report her account to all of the different CRA's available.

I've also considered what Miss J has said about her being close to her credit limits. But as the CRA didn't report credit utilisation to Virgin Money (and this is not a mandatory thing they have to do), then Virgin Money would not be aware of the credit utilisation on her accounts at the time of their checks.

Virgin Money completed an affordability assessment for Miss J. Virgin Money used information from Miss J such as her housing costs, data from the CRA regarding her monthly credit commitments and modelling to estimate Miss J's other outgoings, which is an industry standard way of estimating outgoings. The affordability assessment suggests that Miss J would be able to afford sustainable repayments for a £2,100 credit limit, as it showed disposable income of £303.66 (our investigator rounded this down to £300).

I've considered what Miss J has said about the disposable income Virgin Money calculated was not reflective of her actual financial situation, and if they would have requested her bank statements, they would have seen this. But based on there being no recent adverse information on Miss J'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 J's bank statements.

Miss J took out a balance transfer card with Virgin Money. So I wouldn't expect Miss J's overall debt to increase by £2,100 if she were to transfer a balance from a third party credit card to her new Virgin Money account. The £2,100 credit limit would have equated to around 9.9% of Miss J's declared income.

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

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 J 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 J to accept or reject my decision before 9 April 2026.

Gregory Sloanes  
**Ombudsman**