

The complaint

Mrs Q complains that Clydesdale Bank Plc trading as Virgin Money irresponsibly lent to her.

What happened

Mrs Q applied for three Credit Cards with Virgin Money.

- The first, in July 2016, had a credit limit of £500. The limit on this was never increased. This was closed in March 2024.
- The second, was approved in August 2021 and had an initial credit limit of £4,700. In March 2023 the limit was increased to £8,700.
- The third was approved in January 2024 and this had a credit limit of £5,200. The limit on this wasn't increased.

Mrs Q says the credit cards issued in 2021 and 2024 were approved despite clear signs she was in financial difficulty, such as only making minimum payments and her overall debt increasing. She believes Virgin Money didn't carry out proper affordability checks, particularly before approving the second card and when offering a 0% balance transfer. She is asking for a refund of interest and charges, closure of the accounts, and removal of any negative credit file markers. She says that although she has managed to make minimum payments, it has been a significant struggle. She says interest has continued to rise, and the situation has caused her stress and anxiety.

Virgin Money issued their final response on 29 July 2025. They reviewed all three of Mrs Q's accounts and did not agree that they had acted incorrectly or issued any of the Credit Cards irresponsibly.

Mrs Q wasn't satisfied with the response from Virgin Money and referred her complaint to this Service.

Our Investigator upheld the complaint. She was satisfied that the checks Virgin Money carried out for all three cards were proportionate, but concluded the lending decision for the third card was not fair, as it resulted in Mrs Q becoming over indebted.

Unhappy with this assessment, Virgin Money asked for an ombudsman's review.

Because an agreement couldn't be reached, the complaint was passed to me to decide.

Because I intended to come to a different outcome to the Investigator, I wanted to give both parties the chance to respond with anything else they wanted me to consider before I came to my final decision on the matter. I issued a provisional decision where I said the following:

"I've kept in mind the regulator's rules and guidance on responsible lending (set out in its Consumer Credit Sourcebook – CONC) which lenders, such as Virgin Money, need to abide by. Virgin Money will be aware of these, and our approach to unaffordable/irresponsible lending complaints is set out on our website. I've used this approach to help me to decide

Mrs Q' complaint. I won't refer to the regulations in detail here, but will briefly summarise them.

The rules and regulations mean that Virgin Money needed to carry out reasonable and proportionate assessments to ensure Mrs Q could afford to repay what she owed them in a sustainable manner. Being able to sustainably repay credit means that they needed to consider whether she could continue to repay the lending without undue difficulty, while being able to meet her other commitments and without having to borrow further.

There isn't a specific set of checks that lenders need to carry out, but the lender must undertake a reasonable assessment of creditworthiness and affordability. Affordability checks need to be proportionate taking into consideration factors such as – but not limited to – the size of the debt, the repayments and what the lender knows about the consumer. They also need to be suited to their particular circumstances, in order to treat the borrower fairly.

In general, our view is that 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. 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.

I've looked at the information Virgin Money obtained when considering the application for each account. I've considered whether they completed reasonable and proportionate checks on each occasion, in order to satisfy themselves that Mrs Q could make the repayments without causing harm. I've also considered, if reasonable and proportionate checks were made, whether Virgin Money made fair lending decisions on each occasion. My findings are outlined below.

Credit Card One – July 2016

Virgin Money agreed to our review of this account, but because of how long ago it was opened, they have limited information about the checks they carried out. We have seen that they asked questions about Mrs Q's income and expenditure, which given the time that's passed and the modest amount of £500 being lent, I can't say the checks weren't proportionate or that the decision to lend was unfair. They recorded Mrs Q's income as £17,600 and her expenditure as £370, which included housing costs and payments toward her existing credit commitments.

Credit Card two – August 2021

Virgin Money used the information Mrs Q provided, along with data from Credit Reference Agencies, to assess her application.

Mrs Q's salary was £27,000 a year (around £1,790 a month). Her share of household expenses, including the mortgage, was £813. She had £21,342 of unsecured debt with repayments of £233 each month, giving a total monthly spend of £1,046. That left a disposable income of £744. Her credit file showed no adverse information, and she appeared to be managing her existing debt well.

This card increased her borrowing with Virgin Money to £5,200. Even with a 1% minimum payment of £47 on the new borrowing, she would still have £697 left each month. So I'm satisfied Virgin Money didn't lend irresponsibly.

Credit Card two limit increase – March 2023

Virgin Money said the credit limit was automatically increased to £8,700 and that this didn't raise any affordability concerns. They explained that they don't carry out any further affordability checks when a limit is increased. They were able to rely on how she was managing the existing card she had with them. I reviewed three months of statements before the increase and saw that Mrs Q was using the card lightly, with an average balance of under £600 against a £4,500 limit. She was also keeping up with payments on this card and had no balance on her first card. Based on this, I'm satisfied that the checks were proportionate. As there was nothing to suggest she was in financial difficulty, I don't think that this lending decision was unfair.

Credit Card three – January 2024

Virgin Money considered the same factors as before. Their credit check showed no issues with Mrs Q's existing borrowing — she had no defaults or County Court Judgements.

Her annual salary had increased to £30,000, giving her a monthly income of about £2,093. Her household expenses, including the mortgage, came to £1,196. She also had £27,580 of unsecured debt, with monthly repayments of £468. This meant her total monthly spending was £1,664.

With this additional card, Mrs Q's borrowing with Virgin Money totalled £13,900. Adding the minimum 1% payment of £52 for the new borrowing increased her outgoings to £1,924, leaving a disposable income of £377. I believe the checks Virgin Money carried out were also proportionate for this lending.

Considering the amount being provided to Mrs Q, and the information Virgin Money gathered in these checks, I don't think they acted unfairly when providing Mrs Q with the credit card. I say this because Mrs Q applied for a £4,400 balance transfer and planned to use the 0% promotional rate they had offered her. I think it's likely Virgin Money would have seen that Mrs Q had applied to transfer a balance when applying for the card, and they would reasonably have thought she was trying to lower her overall indebtedness. So, ultimately, Mrs Q would've been in a better position because of this card than she was previously. I can see that she completed the balance transfer when the card was opened and no interest was applied to this account for the first three months, between January and March. This meant that Mrs Q could reduce her monthly payments and repay debt more quickly.

Taking everything into account, I think it was reasonable for Virgin Money to issue the third credit card. Given Mrs Q's income and fixed costs at the time, I don't believe this resulted in her becoming over indebted.

In reaching my conclusions, I've also considered whether the lending relationship between Virgin Money and Mrs Q might have been unfair to Mrs Q under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Virgin Money did not lend irresponsibly when providing Mrs Q with the credit cards or by increasing her limit. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

From the information available, I'm currently minded to conclude that Virgin Money lent responsibly on each occasion. As a result, I'm not intending to uphold this complaint. I appreciate that this is likely to be disappointing for Mrs Q as the investigator recommended that her complaint should be upheld. But I hope she'll at least understand the reasons for my likely final decision."

Neither Mrs Q or Virgin Money responded to my provisional decision by the deadline to say they have anything further to add. So, I'll now issue my final 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.

Given that both parties haven't provided any new information to this service, I see no reason to depart from the findings I reached in my provisional decision.

And so it follows that I'm not upholding Mrs Q's complaint, because I don't think Virgin Money lent to her irresponsibly or unfairly.

My final decision

For the reasons I've explained, I'm not upholding Mrs Q's complaint against Clydesdale Bank Plc trading as Virgin Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Q to accept or reject my decision before 10 April 2026.

Alison Wharton
Ombudsman