

## The complaint

Miss D complains that Clydesdale Bank Plc t/a Virgin Money (“Virgin Money”) provided credit to her irresponsibly and that this credit was unaffordable. Specifically that Virgin Money hadn’t conducted sufficient affordability checks.

## What happened

In June 2019 Miss D received a credit card from Virgin Money. It had a credit limit of £4,100 including a £3,000 balance transfer to Miss D’s current account. The APR was 21.9% variable. The credit limit was increased to £4,600 in October 2020.

In December 2025, Miss D complained to Virgin Money. She said that it was irresponsible of them to provide her with the card and then to increase its credit limit because of her financial circumstances. She further said that the credit provided was unaffordable for her; and that Virgin Money applied interest to her account when she closed it in November 2023 which she wasn’t aware of and which caused delay.

Virgin Money accepted the complaint; looked into it; and issued a final response letter in January 2026. They thought they had carried out reasonable and proportionate checks into Miss D’s financial circumstances both when the card was issued and when the credit limit was increased. They hadn’t found any indications of financial difficulty or any affordability concerns.

So far as the account closure process was concerned, Virgin Money said that interest had been charged in accordance with their Contractual Terms which they’d sent to Miss D before the card was issued. They signposted Miss D to internal and external help with her financial difficulties; and didn’t uphold the complaint.

Miss D didn’t accept Virgin Money’s response and therefore referred her complaint to our service. In addition to irresponsible and unaffordable lending and the closure of the account, she said that:

- She’d been a student in June 2019 with no income. Salary payments didn’t commence until September 2019;
- There was confusing communication from Virgin Money about promotional end dates and interest rates applicable to the card;
- There were clear signs of high credit utilisation which was an indication of unaffordability;
- She wasn’t afforded a realistic route out of her financial difficulties and Virgin Money failed to act to reduce harm once this difficulty became evident;
- the account closure process caused her distress and inconvenience; and
- she suffered from stress and ADHD.

One of our Investigators looked into it. He felt that the checks carried out by Virgin Money both when they issued the card and when the credit limit was increased were

reasonable and proportionate to the levels of credit; and they had made fair decisions to provide credit at both stages. He didn't recommend that the complaint be upheld. Virgin Money didn't dispute this position but Miss D did and asked for an Ombudsman's decision. She maintained that high levels of credit utilisation on the card were not consistent with sustainable lending.

As agreement couldn't be reached, the complaint has been passed to me to decide.

### **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.

Our approach to complaints about the irresponsible and unaffordable provision of credit is set out in detail on our website. I've used this approach to help me decide Miss D's complaint. For example, I've considered the rules and guidance on responsible lending relevant to the times of the decisions to provide credit set out in the Financial Conduct Authority's ("FCA") Consumer Credit Sourcebook ("CONC").

In summary, Virgin Money needed to carry out reasonable and proportionate checks both before lending and before increasing the credit limit to ensure they did not provide credit to Miss D irresponsibly.

There is no set list of the checks Virgin Money had to do. What constitutes a proportionate affordability check will depend upon a number of factors including, but not limited to, the amount, type and cost of the credit Miss D was seeking as well as her overall financial circumstances. I've kept all of this in mind when thinking about whether Virgin Money did what they needed to do at both stages.

Virgin Money state that they reach credit decisions using a combination of details provided by the customer for example income; credit reference agency ("CRA") searches regarding income and the performance of existing products held; statistical information from the Office for National Statistics ("ONS"); and information which they already have.

The applicable rules and guidance do not require a lender to see full evidence of expenditure in every case. Instead the lender has discretion about how they conduct checks to satisfy themselves that lending is affordable to applicants, provided the checks are reasonable and proportionate. This includes the consideration of statistical data where it is reasonable and proportionate to do so, as I think was the case here both when the card was issued and the credit limit was increased.

#### *When the card was issued*

When Miss D applied for the card, she declared that she was employed with a gross annual income of £23,718. Virgin Money verified this through Current Account Turnover ("CATO") data. She said that she was living at home with her parents and didn't declare any housing costs. Virgin Money assessed her net monthly income at £1,638.67.

They went on to assess Miss D's monthly expenditure based on information supplied by her, statistical information from the ONS, and CRA searches. Their assessed expenditure comprised housing costs of £0, essential living costs of £737.34, and existing credit repayments of £158; a total of £895.34. Miss D's net disposable monthly income

was some £743. I think this was sufficient to cover the cost of the card repayments and leave an ample surplus available to Miss D.

Virgin Money also examined Miss D's existing credit commitments. Her credit file showed existing unsecured credit balances totalling £4,965 and a debt-to-income ratio of 20.9%. No defaults, delinquency or County Court Judgments ("CCJs") were shown by the credit search. There were no cash advances in the previous three months. Overall there was a lack of any adverse information to indicate that further verification of income and expenditure was necessary. Virgin Money's checks showed that Miss D's existing credit was being serviced without any recorded issues and it appeared that she had sufficient disposable income to meet the cost of the card.

Therefore, I think the checks carried out by Virgin Money at this stage were reasonable and proportionate and, based on all the information gathered, I don't think Virgin Money treated Miss D unfairly in their decision to provide her with the card.

#### *When the credit limit was increased*

Virgin Money again examined Miss D's existing credit commitments. Her credit file now showed existing unsecured credit balances totalling £5,169. No missed payments, defaults, arrears or CCJs were shown by the credit search. There were no cash advances in the previous three months. Miss D had had use of the card for some 16 months. Although Virgin Money had sent notification to Miss D about high usage of the credit limit, this was in August 2019. There were no missed payments, cash advances, or over limit fees.

Overall there was again a lack of adverse information to indicate that further verification of income and expenditure was necessary. Virgin Money's checks showed that Miss D's existing credit continued to be serviced satisfactorily. The levels of increase in the card's credit limit after 16 months and in existing unsecured credit balances were both modest. It appeared that she had sufficient disposable income to meet the increase in the credit limit for the card.

I have considered the additional points raised by Miss D, being her salary, the high level of credit usage being an indication of unaffordability; not being afforded a realistic route out of her financial difficulties and Virgin Money failing to act to reduce harm; stress and ADHD; and confusing communication from Virgin Money about promotional end dates and interest rates applicable to the card.

I think as follows:

- Virgin Money verified Miss D's salary through CATO data;
- I've considered Miss D's point about the high level of credit utilisation on the card shortly after the account was opened. However, I can't see that this would have been reasonably foreseeable for Virgin Money at the time they provided the card to her. Subsequently there were no missed payments, cash advances, over limit fees or further high level of credit utilisation markers prior to the credit limit increase;
- Miss D says that she received a persistent debt letter from Virgin Money at some point between July and September 2023. This was because she had paid more in interest and fees on the card in the last 18 months than on the principal debt. She accepts that she was given the option of making minimum payments on the card but with its further use being frozen; alternatively that she should increase her monthly payments to reduce the overall cost of the card. I

think that Virgin Money thereby complied with their relevant obligations under the FCA's CONC rule 6.7; and

- I am grateful to Miss D for drawing the issues of stress and ADHD to our attention. However, I don't think Virgin Money should reasonably have been aware of them either when they issued the card or when they increased its credit limit.

Finally, concerning confusing communication from Virgin Money, we've been provided with their Original Terms for the card as issued to Miss D. I can see that these state that the interest rate for the money transfer was 0% for 20 months which then increased to 21.66%. The interest rate on card purchases was 0% for three months which then increased to 20.01%. In addition, we have been provided with the Credit Card Terms which deal at subclause 7.2 with the charging of interest on outstanding amounts. I therefore think that Virgin Money did provide sufficiently clear information to Miss D regarding promotional end dates and interest rates applicable to the card.

Overall, whilst it is likely to come as a disappointment to Miss D, I think the checks carried out by Virgin Money both when they issued the card and increased its credit limit were reasonable and proportionate. Based on all the information gathered, I don't think they treated her unfairly in their decisions at both stages. I've not seen anything in the checks Virgin Money carried out that ought to have caused them to need to understand more about Miss D's circumstances; or to take the decisions not to have provided or increased the credit.

In reaching my conclusions, I've also considered whether the relationship between Miss D and Virgin Money might have been unfair to Miss D under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already given, I don't think that Virgin Money provided credit to Miss D irresponsibly or otherwise treated her unfairly in relation to this matter. Nor have I seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 12 May 2026.

Richard Ellison  
**Ombudsman**