

The complaint

Mr C complains that Clydesdale Bank Plc trading as Virgin Money irresponsibly lent to him.

What happened

In June 2019 Mr C applied for a credit card with Virgin Money with a balance transfer of around £1,355. The application was accepted, and Virgin Money provided Mr C with an initial limit of £2,400.

On 29 June 2023 Virgin Money increased the limit to £4,400. The account defaulted in May 2025.

Mr C complained to Virgin Money in June 2025. He says Virgin Money shouldn't have approved the credit card as they didn't conduct a proper affordability assessment. He also says they should not have increased the credit limit because he was only making minimum payments. Mr C says that the irresponsible lending trapped him in persistent debt and was unsustainable. He says the resulting financial difficulties have caused him stress and anxiety. Mr C wants Virgin Money to refund all the interest and charges he has paid, add 8% statutory interest, write off the remaining balance, remove any negative markers from his credit file and pay him compensation.

Virgin Money issued a final response letter on 15 July 2025, rejecting Mr C's complaint. They say they reviewed Mr C's account and did not agree that they had acted incorrectly or issued the credit card irresponsibly.

Mr C was unhappy with this response and referred the matter to this Service.

Our investigator didn't uphold the complaint, concluding that the lending was affordable and sustainable and that Virgin Money had made a fair lending decision. Mr C didn't agree and raised further points, believing the affordability assessment didn't correctly reflect his income or the financial difficulties he said he was experiencing.

Because an 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.

Having done so, I've reached the same outcome as the investigator for slightly different reasons. I know this is likely to disappoint Mr C, so I'll explain why.

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 Mr C's complaint. I won't refer to the regulations in detail here but will briefly summarise them.

The rules and regulations meant that Virgin Money needed to carry out a reasonable and proportionate assessment to make sure Mr C could afford to repay what he owed in a sustainable way. Being able to sustainably repay credit means that they needed to consider whether he could make the repayments without undue difficulty, while being able to meet any other commitments and without having to borrow further.

There isn't a 'set list' of checks that lenders must complete, but they must be proportionate to the type of credit, (the amount borrowed or the term, for example) and suited to the consumers circumstances (such as their financial history, current situation and outlook, and any indications of vulnerability or financial difficulty), in order to treat them fairly. The checks needed to be borrower focused. So, Virgin Money had to think not just about the likelihood of them getting the funds back, but about the impact making the repayments would have on Mr C.

I've reviewed the information Virgin Money obtained when assessing the application and considered whether their checks were sufficient to satisfy them that Mr C would be able to meet the repayments without adverse consequences. I've also considered whether, if those checks were reasonable and proportionate, the lending decision itself was fair. My findings are outlined below.

Account opening – June 2019

Virgin Money used information provided by Mr C together with data obtained from the credit reference agencies (CRA's), in order to assess his application.

Mr C declared he earned £20,000 a year and said he was a council tenant paying rent of £400 per month. Virgin Money verified his income and confirmed a net monthly income of around £1,428 a month.

Virgin Money also completed a credit check to understand Mr C's existing credit commitments. This showed unsecured debts of around £9,422, with monthly repayments of about £190. Based on this information, Mr C appeared to have around £838 a month available after meeting his existing credit commitments.

I've thought carefully about what this information would have told Virgin Money about Mr C's financial position at the time. There was no negative information recorded on Mr C's credit file. He had no recent defaults or missed payments and there was no evidence of county court judgements (CCJs), individual voluntary arrangements (IVAs) or bankruptcy recorded. This suggested he was managing his existing commitments without difficulty at the time.

Mr C also applied to transfer a balance of around £1,356. It would've been reasonable for Virgin Money to view this as an attempt by Mr C to reduce his overall indebtedness and improve his financial position. I can see that Mr C did complete the balance transfer once the card was opened.

Given the information available, I think Virgin Money's checks were reasonable and proportionate. The credit was largely used for an interest free balance transfer of around £1,356, which would reasonably have placed Mr C in a better financial position than previously, by reducing his borrowing costs. No interest was charged until September 2019. This meant there was no financial loss for Mr C during the first few months of the account.

Based on what Virgin Money knew at the time, there was nothing to suggest that approving the credit card would have been unsustainable or likely to cause Mr C financial difficulty, and so I don't think it was unfair for Virgin Money to approve the borrowing.

I've also considered Mr C's concerns about the accuracy of the income figure and his view that further checks, such as reviewing payslips or bank statements, should have been carried out. However, the income figure Virgin Money used was consistent with CRA data, and for lending of this type it is reasonable for lenders to rely on automated checks rather than manually verifying income. The rules set out by the regulator only say that checks should take place and that these should be reasonable and proportionate. So Virgin Money didn't make an error when they didn't automatically ask to see Mr C's statements or payslips. This is because the rules focus on whether the checks overall were enough, rather than requiring any specific documents.

In summary, I'm satisfied that Virgin Money's checks were reasonable and proportionate.

Credit limit increase – June 2023

When assessing the affordability of the credit limit increase, Virgin Money considered both external credit reference agency (CRA) information and Mr C's conduct on the account between June 2019 and May 2023.

The CRA information didn't show any adverse data. There were no arrears, defaults or CCJs, and nothing to suggest a significant deterioration in Mr C's circumstances. His total external debt at the end of May 2023 was around £9,681, with monthly repayments of around £398. Whilst the repayments had increased, he still appeared to be managing his finances well.

Virgin Money's internal records showed the account had been managed well and there was nothing to indicate that Mr C was experiencing financial difficulty. There were no late payments, over limit fees or cash advances. The card was not used close to its limit and since the account was opened in 2019, Mr C had consistently paid more than the minimum payment. He cleared the balance in full in May 2021 and did not use the card again until September 2021. Immediately prior to the increase, the balance was £1,729 against a £2,400 limit.

The highest balance recorded was £2,124 in July 2022, and more than half of this was repaid in the same month.

Following the increase, the total credit limit was £4,400. Even assuming a 1% minimum payment on the full limit, the monthly payment would have been around £44, leaving Mr C with estimated disposable income of around £586.

In July 2023, Mr C also completed a balance transfer of around £2,354 at a 0% promotional rate, which ran until the end of May 2024. No interest was charged during this period, reducing his monthly costs and improving his overall position.

Taking all of this into account, I'm satisfied that Virgin Money carried out reasonable and proportionate checks and made a fair lending decision when it increased the credit limit.

I've carefully considered what Mr C has said about the impact this matter has had on his wellbeing, and I recognise that being in debt can be distressing. However, having reviewed all of the information he's provided, my view on the affordability of this account remains unchanged, as there was nothing at the time of lending or the credit limit increase to indicate to Virgin Money that Mr C was experiencing financial difficulty.

In reaching my conclusions, I've also considered whether the lending relationship between Mr C and Virgin Money might have been unfair to Mr C 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 Mr C with the credit card, or by increasing his credit limit. And I haven't seen anything to suggest that s140A of the CCA would, given the facts of this complaint, lead to a different outcome here.

My final decision

I don't uphold this complaint against Clydesdale Bank Plc trading as Virgin Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 19 May 2026.

Alison Wharton
Ombudsman