

Complaint

Mr H has complained about a credit card Clydesdale Bank Plc (trading as “Virgin Money”) provided to him. He says that the credit card was unaffordable and so shouldn’t have been provided to him.

Background

Virgin Money provided Mr H with a credit card with a limit of £4,000.00 in June 2024. The credit limit on the card was never increased.

One of our investigators reviewed what Mr H and Virgin Money had told us. And she thought Virgin Money hadn’t done anything wrong or treated Mr H unfairly. So she didn’t recommend that Mr H’s complaint be upheld.

Mr H disagreed and asked for an ombudsman to look at his complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr H’s complaint.

Having carefully considered everything, I’ve decided not to uphold Mr H’s complaint. I’ll explain why in a little more detail.

Virgin Money needed to make sure it didn’t lend irresponsibly. In practice, what this means is Virgin Money needed to carry out proportionate checks to be able to understand whether Mr H could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, 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.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. 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.

Virgin Money says it agreed to Mr H’s application for a credit card after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr H would be able to make the monthly repayments due on a credit limit of £4,000.00. On the other hand, Mr H says that that the credit card was unaffordable bearing in mind his existing commitments.

I've considered what the parties have said.

What's important to note is that Mr H was provided with a revolving credit facility rather than a loan. And this means that Virgin Money was required to understand whether a credit limit of £4,000.00 could be repaid within a reasonable period of time – not all in one go. It's fair to say that a credit limit of £4,000.00 wouldn't have required especially large monthly repayments, in order to clear the full amount owed within a reasonable period of time.

From the information provided, it looks like Mr H declared that he was employed and earning £44,000.00 a year. Virgin Money appears to have cross checked this against information from credit reference agencies on the amount of funds Mr H was receiving into his main bank account each month and this didn't suggest any inconsistency, or any other reason to question whether Mr H's declaration was correct.

Virgin Money's credit check also didn't show Mr H having had any significant adverse information – such as defaulted accounts or county court judgments – being recorded against him. Furthermore, while Mr H has said that he was excessively indebted, the credit check Virgin Money carried out at the time of his application didn't reflect this. It was only a couple of months afterwards that Mr D's credit file had updated to show that his borrowing had spiked.

Having seen the results of Virgin Money's checks at the time of Mr H's application, I'm satisfied that the information that Virgin Money gathered shows that it was fair and reasonable for to offer Mr H a credit card with a limit of £4,000.00. I'm therefore satisfied that Virgin Money carried out reasonable and proportionate checks and this showed that Mr H could afford to repay £4,000.00 within a reasonable period of time.

I fully accept that Mr H's position may well have been worse than what it looks like from the information Virgin Money was provided with. And this is borne out by the later credit searches. I'm sorry to hear what Mr H has said about his circumstances at the time. But it wouldn't be fair and reasonable for me to use hindsight here, or say that Virgin Money should have known this was the case at the time it was making its lending decision. This is especially as the circumstances here leave me satisfied that it was fair and reasonable for Virgin Money to have relied on the information that it had.

In reaching my conclusions, I've also considered whether the lending relationship between Virgin Money and Mr H might have been unfair to Mr H under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that Virgin Money irresponsibly lent to Mr H or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and while I'm sorry to hear that Mr H found making his credit card payments a struggle and went on to experience difficulty, I don't think that Virgin Money treated Mr H unfairly or unreasonably when lending to him. So I'm not upholding Mr H's complaint. I appreciate this will be very disappointing for Mr H. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding 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 18 May 2026.

Jeshen Narayanan
Ombudsman