

## The complaint

Mr A complains that Clydesdale Bank Plc trading as Virgin Money (Virgin Money) lent to him irresponsibly by failing to make appropriate affordability checks before making him a loan.

## What happened

Mr A applied for and was granted the following loan from Virgin Money.

Date	Loan Amount	APR	Term	Monthly Payment
June 2025	£8,000	9.9%	60 months	£167.97

In summary, Mr A complains that Virgin Money failed to make appropriate affordability checks before then granted him a home improvement loan.

He says had adequate checks been made, Virgin Money they would have called on his bank statements and seen that he was engaged in extensive gambling. He also says appropriate checks and a credit file check would have shown he had taken out three loans just prior to the lending decision and was increasingly dependent on credit to make ends meet.

Mr A complained to Virgin Money in August 2025. His complain was considered, but not upheld. In their Final Response letter dated February 2026, Virgin Money said they had carried out checks including reference to Mr A's credit record. They said their lending decision had been responsible. Mr A disagreed and brought the matter to this service later the same month.

An investigator considered the available evidence and merits of the case. In his view, he said checks made by Virgin Money had been reasonable and proportionate to the lending and the lending had been fair.

Having considered the case, I reached the same outcome as the investigator, but with different reasoning so issued a provisional decision. An extract follows and forms part of this final decision. As both parties have now replied, this allows me to issue a Final Decision now

## 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.

### Extract from my Provisional Decision

*I would like to thank Mr A for his frankness in relation to his previous gambling issues. This has provided me with context that has been helpful in reaching my provisional decision. When Mr A applied for the loan he gave the purpose as home improvements. He said he had an annual gross income of £58,600 with housing costs of £1,100 with no existing credit expenditure.*

*Virgin Money has indicated the application was electronically approved with reference to Mr A's credit file and bureau data. Using these methods, Virgin Money found income was 'acceptable' meaning it was consistent with the income disclosed. However it wasn't verified more exactly.*

*The process also revealed £24,300 of undeclared unsecured lending resulting in a further monthly expenditure of £850.50. There is nothing I have seen that suggests Virgin Money queried this level on undeclared borrowing and expenditure. I note Virgin's Money reassurance that these were factored into affordability calculations.*

*But, even allowing for an automated process, I think this level of non-disclosure should have been more concerning to Virgin Money than appears to have been the case. The credit data used by Virgin Money showed no County Court Judgments (CCJ), defaults or issues with existing accounts.*

*Considering all that I have read, I am provisionally minded to say that the checks performed by Virgin Money at this point were not reasonable or proportionate to the lending. I say this because of the significant amount on undisclosed borrowing and given that, the reliance on very high level summary bureau data without further clarification.*

*I would have expected the 'revealed' credit and expenditure to have been checked by discussion or correspondence with Mr A in the first instance. Importantly, I don't think this would have necessarily required sight of current accounts, but some clarification or reference to a more detailed credit report would have been appropriate.*

*I will turn to Mr A's complaint that Virgin Money didn't ask to see his current account statements and if they had the lending wouldn't have been made.*

*Lender's don't need to call for bank statements unless there is a reason that would make such a request proportionate to the lending. In this case even with the non-disclosed borrowing, I don't think this would have been the case. I think this could have been addressed by email or phone follow up and/or by Virgin Money accessing a more detailed credit report.*

*For this reason, I don't think Virgin Money would have seen the gambling transaction Mr A refers to in his complaint. In fairness to Virgin Money, it could also have been visible to Virgin Money had full and frank disclosure been made to the lender. I recognise this is a point Mr A acknowledges himself.*

*Having provisionally said that I think the checks made were not reasonable or proportionate to the lending, I must consider what reasonable checks would have revealed, had they been completed.*

*For this, I have referenced the credit files provided by Mr A to gather an overview of his financial situation at the time. I have used this to gain a view of lending and existing outgoings at the time of the lending decision.*

*Mr A asks me to consider two loans taken out before his application to Virgin Money. Having looked at the credit file, I can see that two loans were indeed taken out around five and two weeks before the lending.*

*Given the delay in new lending reaching a credit file, it is possible that neither would have been visible to Virgin Money at the time of their decision. It is, in my view, almost certain that the second loan wouldn't have been visible to the lender. I've taken this into account when reaching my provisional decision.*

*Having reviewed two more detailed credit files and adjusted these to what I think would have been visible to the lender at the time of the decision, I think further checks would have returned broadly stable findings. It would also have provided further clarity and verification*

*around the nature of Mr A's undeclared borrowing and resolved the question of payday lending being involved.*

*The credit files show no County Court Judgments, Individual Voluntary Arrangements or other agreements with creditors. It also shows broadly positive account management in the six months running up to the lending decision with no defaults or delinquencies. I am persuaded that the detail likely to have been available on the file at the time of the lending didn't reveal signs of existing financial distress. There is nothing in the report that would suggest Office of National Statistics data modelling would be inappropriate to apply to this case.*

*Turning to sustainable repayments, I have re-run the calculations performed by Virgin Money and the investigator and reach the same conclusion. I am persuaded that it was reasonable for Virgin Money to use the figure of £1,761.50 as a monthly disposable income when considering this lending.*

*Given this, provisionally. I think their lending decision was a fair one.*

Virgin Money has accepted the provisional decision but Mr A has not and asks me to reconsider four points. I will address these in two parts as they align to the two stage test I must consider when dealing with complaints of irresponsible lending. These are explained in detail in the published approach on the Financial Ombudsman Service website.

*Test 1: Were reasonable and proportionate checks made by Virgin Money when considering the lending*

Mr A asks me to consider that

1. Virgin Money identified a significant level of undisclosed debt but failed to investigate it adequately and
2. This failure meant that their affordability assessment was based on incomplete and potentially misleading information.

These fall under the first test and in my provisional decision I have already said that reasonable and proportionate checks were not made in this case. But this is not enough in itself to say the lending was irresponsible. I must also consider the second test.

*Test 2: If reasonable and proportionate checks weren't made what would reasonable and proportionate checks have revealed had they been performed.*

Mr A asks me to consider that:

3. The absence of defaults or CCJs should not be taken as evidence that the lending was affordable or appropriate.
4. Reasonable and proportionate checks would likely have uncovered a higher level of financial risk, including recent borrowing and unsustainable financial behaviour.

Having examined the available evidence, I don't think Virgin Money has taken the absence of defaults or CCJs in isolation as evidence of affordability. Virgin Money did consider these as part of their evaluation of the wider financial situation as visible to them on the summary credit file. Similarly I have considered them when reconstructing what reasonable and proportionate checks would have shown had they been carried out. Again, I have not relied on them in isolation, but they are a legitimate consideration together with other data when considering the content of the credit file.

Having recreated reasonable and proportionate checks and recognising it will disappoint Mr A, I cannot agree with point 4.

I do not think this level of lending would have required access to current account records even with a large amount of undisclosed borrowing. I have said this should have been followed up, but I don't agree that a full review of current account statements would have been necessary or proportionate. As a consequence Virgin Money would not have seen the undisclosed gambling issue Mr A was experiencing.

Nothing I have seen has persuaded me that the credit file available to Virgin Money had they performed reasonable and proportionate checks demonstrated ongoing financial distress at that time. I can see that matters became more difficult but was after this lending decision.

I have considerable sympathy for the situation Mr A describes. He says that his lived experience differed from the modelled data used by Virgin Money. He also says matters that didn't appear on his credit file were causing him significant financial distress which has not been considered.

I am not doubting either statement, but these are not matters that I could reasonably expect Virgin Money to establish, particularly when the matters causing the issues were not disclosed to them by Mr A. Having reviewed two extensive credit reports provided by Mr A and assessing what would have been visible to Virgin Media at the time I remain of the view that there were not visible signs of obvious ongoing financial distress.

I also accept Mr A's actual finances may well have varied from modelling tools such as ONS datasets. But, these are legitimate tools any lender may use as part of their evaluation process unless there are reasons to believe they would not be applicable in a particular case. As I have said in my provisional decision, having seen the credit files and application data, there is nothing that would suggest their use in this application was inappropriate. I think it was reasonable for Virgin Media to have used them in this case.

Finally Mr A asks me to address the inconsistency between saying checks had been inadequate but the lending decision had been fair. I recognise this may feel counter-intuitive. I would ask Mr A to consider this in another way – that he passed the first test I must apply but not the second. Having recreated what reasonable and proportionate checks would have show, I remain of the view that the lending decision in this case was a fair one.

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

### **My final decision**

My final decision is that I don't uphold Mr A's complaint against Clydesdale Bank Plc trading as Virgin Money

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 18 May 2026.

Richard Bellamy

**Ombudsman**