

The complaint

Mrs T is unhappy as she feels that Clydesdale Bank Plc, trading as Virgin Money, increased her overdraft limit when it wasn't affordable for her.

What happened

In April 2015, Mrs T asked Clydesdale to increase her overdraft limit from £840 to £1040 because she wanted some money for a holiday for her partner's birthday. Clydesdale agreed to the overdraft limit increase, which was applied to Mrs T's account shortly thereafter.

In 2023, Mrs T complained to Clydesdale about the overdraft limit increase because she felt she had been in financial difficulty in April 2015 such that the overdraft limit increase wasn't reasonably affordable for her. And Mrs T felt that this should have been apparent to Clydesdale, had they undertaken checks into her financial position at that time.

Clydesdale responded to Mrs T and explained that they didn't feel they'd done anything wrong by increasing Mrs T's overdraft limit by £200 as per her request in 2015. Mrs T wasn't satisfied with Clydesdale's response, so she referred her complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that there was reasonable evidence to suggest that Clydesdale should have suspected that Mrs T might not have been able to afford the further £200 overdraft that she'd applied for in 2015, so they didn't uphold the complaint. Mrs T remained dissatisfied, so the matter was escalated to an ombudsman for a 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.

This service generally can't consider complaints about events that took place more than six years before the complaint was raised – as is the case in this instance – unless the business being complained about gives their consent for us to do so. However, in this instance, Clydesdale have given their consent for this service to consider Mrs T's complaint.

But the length of time that has elapsed since 2015 is still a factor here. This is because I would only consider upholding Mrs T's complaint if it could be demonstrated that she was in financial difficulty when she applied for the overdraft limit increase in April 2015, and that this should reasonably have been apparent to Clydesdale at that time.

This would usually involve reviewing Mrs T's financial position at that time via her account statements and by the information that Clydesdale recorded when they assessed Mrs T's application to increase her overdraft limit. But Clydesdale no longer retain this information. And given the length of time that's elapsed since 2015, Clydesdale aren't reasonably expected to do so.

Mrs T has herself provided statements for her account. But these statements are only until

the end of 2014, and so don't cover the three months immediately prior to the overdraft limit increase in April 2015. And this service considers the three months immediately prior to an overdraft limit increase to be of the most importance when assessing whether that limit increase was affordable for the applicant.

This means that there unfortunately isn't enough information available to me to allow me to confirm to the standard that this service requires that Mrs T was in financial difficulty in the early part of 2015 or not.

While Mrs T has explained that she was in financial difficulty in early 2015, Clydesdale have themselves explained that they don't believe that Mrs T was in financial difficulty when she applied for the overdraft limit increase. Clydesdale take this position because, while they no longer retain the details of the creditworthiness assessment they undertook when Mrs T applied for the overdraft limit increase, they can see that an assessment was conducted, and that Mrs T passed that assessment – the consequence of which was the increasing of her overdraft limit as she'd requested.

I have no reason to doubt Mrs T's testimony here, but equally I have no reason to doubt the position of Clydesdale – because there is no corroborating evidence either way. And ultimately, I don't feel it would be fair to uphold this complaint in Mrs T's favour without being able to confirm the claims about the unaffordability of the overdraft limit increase for her that she has made.

All of which means that I won't be upholding this complaint or instructing Clydesdale to take any further action here. I hope that Mrs T will understand, given what I've explained, why I've made the final decision that I have.

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 Mrs T to accept or reject my decision before 16 November 2023.

Paul Cooper
Ombudsman