

The complaint

Mr T complains about Capital One (Europe) plc ("Capital One") in relation to its decision to issue him with a credit card. He believes that the lending was irresponsible, and he wants Capital One to refund him the interest he has paid on his debt.

What happened

In summer 2010, Mr T applied for a credit card from Capital One. He declared in his application that he was living with parents and was employed with an income of £8000 per year.

His application was granted, and a card was issued to him in early July 2010. The card had a credit limit of £200.

Mr T fell into difficulties with his repayments and by November 2010 had amassed arrears. He owed around £370.

Capital One sent him a notice of default, allowing 28 days to settle the debt or to reach an agreement.

Mr T was unable to settle this and in December 2010 Capital One issued a default against Mr T.

Capital One sold Mr T's debt to a third party in 2015.

Mr T has been repaying his debt and I understand this has now been settled.

Mr T complained to Capital One in February 2020. He felt that his debt levels and credit record would have shown in 2010 that any new lending was not affordable for him. He therefore felt that the lending was irresponsible.

Capital One responded to him in February 2020 not upholding his complaint. It stated that it had carried out appropriate credit worthiness and affordability checks and that these were satisfied.

Mr T was not happy with this response and contacted us.

One of our investigators has looked into this complaint and set out her view to the parties. This was that Capital One had made a reasonable assessment of Mr T and had not acted irresponsibly.

Mr T did not accept that view and asked for an ombudsman 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.

I understand that Mr T feels that an assessment of his other debts at the time would have shown that any additional debt was not affordable for him, and he feels that CapitalOne ought to have carried out a thorough search of his credit before lending to him and allowing him to take on more debt.

I understand this view and am sympathetic with Mr T for the difficulties he has encountered.

We expect businesses to make proportionate checks when making lending decisions, and the extent of these will vary depending on the type and amount of credit being sought.

In this situation Mr T applied for the credit and provided details of his other debts and his income with his application. It appears that this information was not a complete picture of his finances and may not have been accurate as it detailed that he had no other credit or store cards.

Capital One was, however, entitled to rely on the information provided as accurate when making its assessment. Given that the amount offered was £200 I think their assessment being limited was not unreasonable, and was proportionate to the level of credit being offered. Had Capital One sought to increase Mr T's credit limit I would have expected more checks to be carried out.

The evidence shows, however, that Capital One did not extend their credit further, and it soon became clear that it was not being repaid.

I understand why Mr T feels that he should not have been lent to, but in the circumstances, I agree with the investigator and do not think that Capital One was irresponsible to lend to him at the time of his application and based on his application.

Consequently, I do not uphold Mr T's complaint and do not ask Capital One (Europe) plc to do anything further.

My final decision

For the reasons given above I do not uphold Mr T's complaint and do not ask Capital One (Europe) plc to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 5 April 2021.

Laura Garvin-Smith
Ombudsman