

The complaint

Mr H is unhappy that Capital One (Europe) plc closed his credit card accounts and didn't refund him the credit. He would like his credit refunded.

What happened

Mr H had two credit card accounts with Capital One.

On 1 November 2020 Capital One blocked access to one of Mr H's accounts. A few days later on 5 November 2020 Capital One wrote to Mr H to tell him they had decided to close his accounts. They gave him two months' notice of the closure, but they restricted access to the accounts from the 5 November 2020.

There was an outstanding balance on one of the accounts. The other account had a credit balance of £1,626.02.

Capital One discussed with Mr H the repayment of the outstanding balance and said he would have to recall any overpayments for the account that was in credit through his bank.

Mr H was unhappy with this, he wanted overpayments paid directly to him, so he complained to Capital One. Capital One said in response that any overpayment needed to be claimed through Mr H's bank.

Mr H complained to our service. One of our investigators looked into the complaint. Capital One told us they had got things wrong and the balance on the account was chargeback claims that Capital One had raised because Mr H had made purchases he wasn't entitled to make. These purchases were over the agreed spending limit for the account. Capital One agreed they shouldn't have told Mr H that his account was in credit and they offered Mr H £50 compensation for the misinformation. Mr H was not happy with the offer and declined it – he said he thought he was entitled to the credit balance. The investigator looked into things – he said that Capital One were entitled to close Mr H's account. He thought Mr H wasn't entitled to the credit balance as they were chargeback adjustments. Mr H wasn't able to provide evidence that the overpayments were made from his bank account. Our investigator also thought the offer of £50 was fair for the misinformation Mr H received.

Mr H was unhappy with the view. He said he was entitled to the credit on the account.

As there was no agreement the matter has come 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.

Account block and closure

I'll start by setting out some context for the review of Mr H's accounts. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish

the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. I am satisfied Capital One were complying with these obligations when they reviewed Mr H's accounts.

I've considered whether Capital One acted fairly when it closed Mr H's accounts. It's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep customer or require it to compensate a customer who has had their account closed.

I've considered whether Capital One acted fairly in closing Mr H's accounts. I've looked at the terms and conditions of his accounts and I'm satisfied they did. The terms and conditions outline that the bank can close a customer's account with two months' notice, and in certain circumstances they can close an account immediately. In this case Capital One blocked the accounts during the notice period. For Capital One to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence I'm satisfied that they have applied the terms fairly. And it was entitled to close the accounts as it's already done.

Credit balance

Mr H was told by Capital One that the credit on his account was because of overpayments he had made. But Mr H has said he didn't think he had made overpayments. I am aware that Capital One have said they made a mistake when they described the credit in the account as being made up of overpayments and they have offered Mr H compensation for their mistake.

Capital One have since clarified that the £1,626.02 is made up of chargeback credits. They said Mr H made payments on his card that put him over his credit limit which they have claimed chargebacks for. Mr H says he should receive the credit back into his account. I have looked at Mr H's bank statements and I can see that those payments making up the £1,626.02 have not come from Mr H's bank account. As I've said looking at Mr H's statements, I can't see that the payments charged back to his credit card have come from him, so I don't think he is entitled to that money and I won't be asking Capital One to refund him.

Misinformation from Capital One

Capital One have accepted they gave Mr H the wrong information when they said he had made overpayments. And they confirmed this to him a couple of times. I can see that this would have caused Mr H some confusion even though as he has said he didn't think he had made overpayments on the card account.

Capital One have offered Mr H £50 in compensation because of this mistake. I have considered whether this amount is fair in the circumstances and I think it is. I say this because Mr H wasn't entitled to the credit and he was aware that he hadn't made any overpayments so the impact on him of Capital One's mistake would have been minimal.

Putting things right

Capital One should pay Mr H £50 for the misinformation they provided to him.

My final decision

I direct Capital One (Europe) plc to pay Mr H £50 compensation for the error in the

information they provided to him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 20 May 2022.

Esperanza Fuentes
Ombudsman