

The complaint

Miss D complains that Capital One (Europe) plc ('Capital One') irresponsibly gave her a credit card account that she couldn't afford.

What happened

On 28 January 2019, Miss D's credit card was opened by Capital One with an initial credit limit of £1,500. This credit limit was never increased.

In 2022, Miss D complained to Capital One to say that the account shouldn't have been opened because it wasn't affordable and that Capital One ought to have made a better effort to understand her financial circumstances before opening the credit card.

Our investigator didn't recommend the complaint be upheld. Miss D didn't agree. So, the complaint has been passed 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.

I've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

Capital One will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Miss D's complaint is that Capital One made credit available that was unaffordable. Capital One has explained that it relied in part on information that Miss D provided at the time of application to assess affordability. They said they carried out a credit search in Miss D's name to assess Miss D's level of debt at that time and to understand how she had been managing that debt. With that information and using their own scoring metric, Capital One decided to agree to the credit limit of £1,500. So, there was some assessment of affordability at the time of the lending decision.

The Capital One checks showed that Miss D had only a modest amount of other borrowings compared to her declared income. And I have noted that Miss D's credit file was very clean at the time of the loan application. When I say this, I mean that Miss D's management of her existing credit showed no recent history of CCJ's, defaults or any late payments. There was a default on the credit check but that was settled over six years prior to this application and there was no adverse information on the card within the previous year. So, it seemed from the credit file that at the point that the lending decision was made, Miss D was affording her

existing credit. And so, Capital One were not put on notice of any reason not to agree the lending from that. And so, I don't think that the information that Capital One had at the time of the lending decision, would have led them to feel they ought to make more searching enquiries of Miss D's financial situation.

I have to look at the information that was available to Capital One at the time it made its lending decisions and not to use hindsight. And I have seen insufficient evidence that the other information that Capital One acquired or had presented to it at the time of the lending decision, would have led them to think that the relatively modest credit they were offering was unreasonable.

So, having considered all the submissions made in this case, I have seen insufficient evidence to think that the credit Capital One provided to Miss D was unreasonable.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 22 December 2022.

Douglas Sayers
Ombudsman