

## **The complaint**

Miss A complains that Capital One (Europe) plc lent irresponsibly when it approved her credit card.

## **What happened**

Miss A applied for a credit card with Capital One in July 2021. Capital One approved the application and gave Miss A a credit card with an initial limit of £200.

Miss A complained that Capital One lent to her irresponsibly. Capital One didn't uphold the complaint. Miss A brought her complaint to this service.

Our investigator thought that Capital One had carried out reasonable and proportionate checks and made a fair lending decision.

Miss A didn't agree so the company has been passed to me 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.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering the complaint.

Before agreeing to lend, the rules say that Capital One had to complete reasonable and proportionate checks to ensure Miss A could afford to repay the debt in a sustainable way. These affordability checks need to be focussed on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors including the amount of credit, the total sum repayable, the amount of repayments, the cost of credit and the consumers individual circumstances.

There's no set list of checks a lender must complete. But lenders are required to consider the factors I've mentioned above when deciding what's reasonable and proportionate.

Capital One says it looked at the information Miss A had provided about her employment status, residential status and income. Miss A declared an annual income of £28,050 and stated that she was living in private rented accommodation. Capital One carried out a credit check and found no adverse information. From the credit check, Capital One discovered that Miss A had £4471 in outstanding credit card debt and £4154 in other borrowing (including overdrafts). The checks showed that Miss A had three other credit cards and an unsecured loan.

Based on what I've seen, I'm satisfied that Capital One carried out reasonable and proportionate checks before approving the credit card. I don't think there was anything in the information gathered by Capital One which would've given cause for concern, or warranted further checks being carried out.

I've gone on to consider whether the decision to lend was fair.

I've looked at the information gathered by Capital One. Having done so, and taking into account the modest credit limit on the card, I'm satisfied that the lending was affordable for Miss A. There was nothing in the information gathered by Capital One to suggest that Miss A was over indebted or that she was experiencing financial difficulties. I think the decision to lend was fair.

In conclusion, I don't think the lending was irresponsible or unaffordable.

### **My final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 2 January 2023.

Emma Davy  
**Ombudsman**