

The complaint

Mrs O complains that Capital One (Europe) plc ('Capital One') irresponsibly gave her two credit card accounts that she couldn't afford.

What happened

On 5 February 2019, the first credit card account that Mrs O is complaining about was opened by Capital One with an initial credit limit of £200. This credit limit was never increased. Although two other cards were consolidated into this account later.

On 21 June 2021, the second credit card account that Mrs O has complained about was opened by Capital One with an initial credit limit of £400. This credit limit was never increased.

In 2022, Mrs O complained to Capital One to say that the accounts shouldn't have been opened because they weren'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. Mrs O 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.

Mrs O's complaint is that Capital One made credit available that was unaffordable. Capital One has explained that it relied in part on information that Mrs O provided at the time of each application to assess affordability. They said they carried out a credit search in Mrs O's name to assess Mrs O's level of debt at each 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 limits of £200 and £400. So, there was some assessment of affordability at the time of the lending decisions. But I'm not sure that more searching enquiries would have put Capital One off providing the credit they did.

I say this because the initial credit limit was modest for each credit card account and the maximum monthly payments for that credit were also relatively modest. And the Capital One checks showed that Mrs O had only a modest amount of other borrowings compared to her declared income.

And at the time of the second account Capital One had Mrs O's management of her existing account to consider in its lending decision. I have seen nothing in Mrs O's management of that account that would have put Capital One off providing the next credit card account with such a modest credit limit.

I have noted that Mrs O's credit file was not completely clean at the time of the lending decisions. Capital One's credit checks had shown a default in the previous 24 months at the time of each lending decision. And there was a CCJ recorded against Mrs O just after the first lending decision and over two years before the second. Whilst the credit picture was not entirely clean, there was, I think, insufficient to put Capital One off providing Mrs O with credit. And the credit file probably explains why the opening credit limits were so modest.

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 had 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 on either occasion.

So, having considered all the submissions made in this case, I have seen insufficient evidence to think that the credit Capital One provided to Mrs O 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 Mrs O to accept or reject my decision before 5 January 2023.

Douglas Sayers
Ombudsman