

The complaint

Mr N complains Capital One (Europe) plc refused his requests to close his credit card accounts after he told them he had a gambling addiction.

What happened

Mr N has two credit cards with Capital One. He's complained because they've refused to close his accounts despite him telling them, on multiple occasions, that he has a gambling addiction.

Capital One investigated Mr N's concerns but didn't uphold his complaint. While they understood why Mr N wanted to close his accounts, they explained that wasn't possible while he had outstanding balances. They said his balances would need to be reduced to zero before they could process his closure requests, and that he could speak with their specialist collections team to discuss repayment options.

Regarding Mr N's gambling addiction, Capital One also explained that his cards cash limits could be reduced to £1 which would affect withdrawals from ATMs, over the counter withdrawals, money transfers and gambling transactions. But they couldn't guarantee cash transactions would no longer be debited due to the way certain merchants process and classify transactions. They also provided the details of organisations who might be able to help with his gambling. Mr N remained unhappy, so he brought his complaint to our Service.

Our Investigator didn't think Mr N's complaint should be upheld. He explained Mr N didn't tell Capital One about his gambling addiction until September 2021 and was satisfied they offered him sufficient support once they were aware.

Mr N disagreed with our Investigator, so his complaint was passed to me for a decision.

I issued my provisional decision on 16 February 2023. In this I explained I was minded to uphold Mr N's complaint.

Mr N and Capital One were both given an opportunity to respond to my provisional decision, and both accepted it. Therefore, I'll explain my decision below.

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.

Having considered everything, I'm upholding Mr N's complaint for the reasons below.

Card ending 7920

Mr N is unhappy Capital One refused his requests to close his account after telling them about his gambling addiction.

I've reviewed relevant contact notes and seen that Mr N first asked Capital One to close his account in April 2021. However, he said this was because he was experiencing financial difficulties; but didn't need any support. Capital One explained he'd need to clear his balance before his account could be closed. But when Mr N explained he couldn't afford to do that, they offered to give him breathing space. This meant his card couldn't be used, and interest and charges wouldn't be applied to his account. Given what Mr N had told them at that time, I'm satisfied Capital One offered the right thing for his circumstances.

Mr N requested and removed the breathing space from his account, periodically from April 2021 onwards. When doing so he either explained he was in financial difficulties, or that his financial circumstances had improved. And from the information provided, the earliest I've seen Mr N mentioned his gambling addiction, was in mid-September 2021.

When a customer tells a business, like Capital One, that they're struggling with addiction, I'd expect them to explain what support is available. Having reviewed the correspondence from Capital One, I don't think they offered the level of support I'd expect. I appreciate there were occasions when Mr N explained he was getting support from debt management companies. But given he would change his mind about closing his account, and wanting access to it, I consider Capital One ought to have known he needed more support. They should have taken the time to identify what they could do to help; and signposted him to organisations who could help him too. This didn't really happen until they issued their final response in February 2022.

Mr N wants Capital One to close his account. However, they're unable to do so because he still has an outstanding balance. The terms and conditions of Mr N's credit card says an account can only be closed once any balance is cleared, so I don't consider Capital One has treated him unfairly by keeping his account open.

While I don't consider Mr N's account can be closed just yet, I do think there is more that can be done to help him. The terms of Mr N's account allow Capital One to place restrictions on its use. I'm aware that his cash limit can be reduced to £1. But this limit can be removed if Mr N requests for that to happen, and if Capital One are satisfied this isn't so the card can be used for gambling. Capital One has told us it would be unlikely for them to remove a cash limit given what Mr N's told them about his gambling. However, I'm not persuaded this would go far enough to resolve things for Mr N. That's because it might not prevent some gambling transactions being debited if they're processed and classified in a particular way by some merchants.

I consider Mr N has made it clear he no longer wants access to the credit facility provided by this card. He's also consistently explained how other creditors have helped him by closing his accounts and allowing him to repay what he owes. And from what I've seen there's more Capital One can do to support Mr N.

The terms of Mr N's account say Capital One "As well as closing your account, we can also suspend, restrict or cancel use of your account." In April 2021, Capital One mistakenly placed a restriction block on Mr N's account. This meant he was unable to use his card, wouldn't be issued replacement cards, and his account would close once his balance cleared. I consider this restriction block is the most pragmatic and appropriate way of resolving Mr N's complaint. While his account will still be open, he would have no access to the credit facility, and it will close as soon as his balance is repaid. This would mean Mr N doesn't need to be concerned about potentially being able to use his card for gambling transactions in the future. And given this block was in place before, I see no reason why Capital One can't apply it again – particularly given they previously applied it due to their understanding of Mr N's circumstances in April 2021.

Had Capital One asked more questions when Mr N mentioned his gambling addiction, I'm persuaded they could have better identified what support would be the most appropriate for his needs. In turn, I consider this would have helped reduce the level of stress and worry Mr N has encountered when trying to take pro-active steps in managing his addiction and finances.

Mr N has been open with us about the impact Capital One's actions have had on his mental health. And given the above, it's not unreasonable that he feels their actions have contributed to an already difficult situation. Because of this, I consider Capital One should also pay Mr N £200 in recognition of the distress and inconvenience he's experienced due to their mistake.

I've noted Mr N has asked for his balance to be written-off. While I empathise with his situation, I don't consider that would be fair or appropriate in the circumstances. Our Service is impartial, so we must be fair to both parties to a complaint. This means I can't ignore the fact Mr N opened his credit card account knowing he was obligated to repay any borrowing. Additionally, he's had the benefit of the funds he owed, and when reviewing his statements, I've seen his card was mainly used for purchases that don't appear to be related to gambling. Because of this, I consider Mr N is still required to repay what he owes. But as mentioned above, Capital One should put a restriction block in place so that he cannot do further spending with this account.

Card ending 4056

Mr N's second credit card account was opened at the end of May 2021. This means Capital One accepted his application at a time they ought to have been aware Mr N was experiencing financial difficulties, and they'd agreed to give him breathing space on his other card.

Our Service has the power to consider issues that may fall outside the complaint points we've been asked to investigate. In this case, Mr N asked us to determine whether Capital One should have closed his account when he asked them to. However, given this credit card was opened after he'd told Capital One about his financial difficulties, I felt it necessary to investigate whether the lending decision for this account was appropriate.

After raising the above point with Capital One, they agreed they shouldn't have accepted Mr N's application for this second card. To put things right, they've offered to:

- Refund all interest and charges applied to account ending 4056.
- Refund any remaining balance following the above refund to bring the balance to £0.
- Close this account.
- Remove any adverse information (regarding this account) from Mr N's credit file.

I agree Mr N shouldn't have been allowed to open this credit card, and it's only fair Capital One does something to put things right. Having considered what they've offered, I'm satisfied it's a fair and reasonable settlement to resolve this aspect of Mr N's complaint.

I should add that we wouldn't ordinarily expect a business to write-off any remaining balance to rectify an irresponsible lending decision. That's because the consumer has benefited from the borrowed funds. So, Capital One's offer goes above and beyond what I may have asked them to do. However, I still consider clearing the balance so that this account can be closed is fair. That's because it acknowledges the worry and distress Mr N has experienced when trying to manage his finances. It also means, he won't need to worry about this account, or the potential impact it may have on his credit file in the future.

Given the above, I'm upholding Mr N's complaint.

My final decision

My final decision is that I'm upholding Mr N's complaint about Capital One (Europe) plc.

To put things right, Capital One (Europe) plc should:

For account ending 7920

- Place a restriction block on Mr N's card that prevents him from using it until he's cleared the outstanding balance.
- Close this account once the balance is cleared.
- Pay Mr N £200 in recognition of the distress he experienced as a result of them not asking enough questions to ensure the correct support was put in place. This award should be paid directly to Mr N.

For account ending 4056

- Refund all interest and charges applied to the account.
- Following the above refund, Capital One should refund any remaining balance to bring the account to £0.
- Close this account.
- Remove any adverse information (regarding this account) from Mr N's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 20 March 2023.

Sarrah Turay
Ombudsman