

The complaint

Miss J complains that Capital One (Europe) plc irresponsibly lent to her.

What happened

Miss J applied for a credit card online on 6 August 2019, she was given a credit limit of £1,500. The credit limit wasn't increased at any stage. The account defaulted in March 2022 with an outstanding balance of £1,244.26.

Our investigator considered the information provided by Miss J and Capital One, and she didn't find the lending was irresponsible. She said the checks were proportionate, and based on the results Capital One's lending decision was fair.

Unhappy with this assessment Miss J asked for an ombudsman's review. She said Capital One has used the wrong income; she received benefits at the time and the card was unaffordable. Also, when she called Capital One for support none was given.

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.

Capital One will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint about 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.

To decide if Capital One lent responsibly I need to consider if its checks were proportionate; if not, what would better checks most likely have shown; then did it make a fair lending decision; and finally did it treat Miss J unfairly in some other way.

Miss J applied for a Capital One credit card online in August 2019. As part of her application she declared that she was employed with a gross annual income of £30,000 and that she was living with her parents. Capital One carried out a credit check. It has shared the results. They show Miss J had a low level of debt - £1,100. She was up to date with payments and there was no adverse data recorded against her. I think these checks were proportionate for a credit line of £1,500 and there was nothing in the results that I think ought to have led Capital One to make a different lending decision. There was no information to suggest Miss J might struggle to manage the credit.

Miss J says the wrong salary information was used, but she provided this data as part of her application. I can see it matched the salary information she provided for another application for a different credit card that she made at the same time. Miss J says her bank statements would have shown she was on benefits, but I think it would have been disproportionate for Capital One to review bank statements in the circumstances of this application. Plus, we wouldn't expect a lender to decline an application solely on the basis an applicant was in receipt of state benefits.

It follows I don't think Capital One was wrong to give the card and opening credit limit of £1,500 to Miss J.

Did Capital One act unfairly towards Miss J in any other way?

Miss J said the lender did not provide support when she called. I can see that through 2020 and 2021 it spoke to Miss J on a number of occasions. It agreed to a 90-day payment holiday, four different payment plans and a period of 'breathing space' when interest and charges were frozen, prior to defaulting her account. So I find Capital One responded fairly to her requests for assistance. And I would expect a lender to default an account when it becomes clear the account holder is not able to make their contractual repayments, as was the case here.

Miss J referenced another case she has with this service where the investigator has reached a different conclusion. I can only consider here the individual merits of this complaint, but by way of explanation I would say that the outcome of each irresponsible lending complaint will vary based on a number of factors.

My final decision

I am not upholding Miss J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 28 March 2023.

Rebecca Connelley
Ombudsman