

The complaint

Miss B complains Capital One (Europe) plc (“Capital One”) haven’t dealt with the balance on her account fairly when she’s been going through difficulties.

What happened

Miss B is unhappy about how Capital One responded to her when she told them about her financial and personal health difficulties. Miss B told us she suffers from a mental health condition and, when that is acute, she has issues managing her personal and financial affairs. In August 2020 Capital One agreed to a three month payment holiday on her credit card account with them.

In May 2021, Capital One refused Miss B’s request to write off her balance on medical grounds. She’d made the request with assistance from the Citizens Advice Bureau (“CAB”) and thought Capital One’s refusal was insensitive. She thought as Capital One wouldn’t agree to a repayment plan, she was paying more in interest than she should. And despite reaching out to Capital One for further help with the balance on her credit card she felt they’d treated her in a way which showed they didn’t care.

Capital One didn’t uphold her complaint. They thought they’d provided the appropriate help and support with this account by stopping interest and fees when they were made aware of her circumstances. So, they felt they’d treated Miss B fairly. They said the information via the CAB in 2021 showed more outgoings than income so they couldn’t agree to a formal payment arrangement as she didn’t have the affordability to make payments. And, at the time, they didn’t agree to writing off the balance. But they said they had applied breathing space to the account since 2016 and stopped interest and fees and they would continue to send letters to keep her informed of the account’s status. Capital One asked that she continued to make affordable payments to reduce the balance.

During our investigation Capital One told us that in relation to the write off request they would need to get a better understanding of Miss B’s circumstances and what the root cause was of why she was unable to manage the account as it had been managed well to date. They also said if Miss B could send updated income and expenditure information they would look into this further. Miss B sent this and Capital One responded saying it was unlikely they’d agree to write off the balance as the accounts history suggested she was able to manage the account and the income and expenditure information suggested her financial situation had improved since March 2021 as she had a disposable income suggesting the minimum monthly payments required were affordable.

Our investigator issued two views in this matter and didn’t uphold the complaint in either. In the first view he thought the decision not to write off the debt was reasonable following a review of the financial and medical information Miss B and the CAB sent them. And it wouldn’t have been fair reasonable or proportionate for them to put her into a repayment arrangement when the evidence suggested she had a negative disposable income in 2021. He thought the reviewable breathing space arrangement was a sensible approach in the circumstances. And overall that Capital One’s response had been positive and sympathetic.

Miss B didn't agree with this view, she didn't think the matter had been properly finalised as the investigator as he hadn't set out the steps Capital One should provide for this account going forward. And despite what had been said about the ongoing breathing space continuing she noticed interest charges had recently been applied to her account without Capital One first contacting her for a financial review.

Our investigator was told by Capital One the breathing space had been removed as it hadn't got a response to a review letter. Miss B said she hadn't received a review letter. In his second view the investigators opinion on the outcome remained unchanged. He was satisfied it was fair and reasonable for Capital One to re-apply interest to the account when it did so he didn't ask them to take any corrective action.

Miss B disagreed and said she was concerned that the government and this service weren't giving clear information on breathing space or terms.

I asked Miss B for more information and she responded although didn't deal with the substance of my request. I asked Capital One to explain their review decision not to write off the balance from May 2022 - based on a three figure disposable income - as on my interpretation of Miss B's figures at that time showed the same negative disposable income as in 2021.

Capital One reviewed the matter and decided to write off the balance. To date Miss B hasn't responded to our request as to whether she felt this offer fully resolved her complaint.

I issued a provisional decision in this case on 1 March 2023. I thought, after establishing Miss B's financial information from May 2022 had been misinterpreted, Capital One responded reasonably. They agreed to write off the balance and to contact Miss B to confirm this along with the details of the write off. So, I didn't think they needed to do anything further. Neither party have responded to my 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.

Neither party have responded to my provisional decision. As such there's nothing before me which changes my substantive findings in this complaint. So, I don't see any reason to alter my provisional decision.

Putting things right

Capital One (Europe) plc should write off the balance on this account and contact Miss B to explain this to her.

My final decision

My final decision is that I uphold this complaint. Capital One (Europe) plc should write off the balance on this account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 17 April 2023.

Annabel O'Sullivan
Ombudsman