

## **The complaint**

Mrs P complains that Capital One (Europe) plc irresponsibly lent to her.

## **What happened**

Mrs P applied for a credit card online in December 2019, she was given a credit limit of £200. The credit limit wasn't increased at any stage. The account defaulted in March 2022 with an outstanding balance of £219.30.

Mrs P says Capital One approved her application when she was already in a cycle of borrowing to both repay debts and fund her gambling addiction. She was in and out of work due to problems with her physical and mental health. She has explained her situation to Capital One, but it refuses to write off her balance.

Our investigator considered the information provided by Mrs P and Capital One, and she didn't find the lending was irresponsible. He said the checks were proportionate, and based on the results Capital One's lending decision was fair. He said Capital One had treated Mrs P fairly when she fell into arrears and, in the circumstances of this complaint, it is the bank's commercial decision whether to write off the balance.

Unhappy with this assessment Mrs P asked for an ombudsman's review. She said previous credit had been unaffordable for her so how could Capital One approve this card when her indebtedness had increased but her income had not.

## **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; did it make a fair lending decision; and finally did it treat Mrs P unfairly in some other way.

Mrs P applied for a Capital One credit card online in December 2019. On her application form she declared that she was employed with a gross annual income of £30,000. Capital One carried out a credit check that showed Mrs P had around £16,800 of unsecured debt. Whilst this was not insignificant, she was up to date on all her active accounts and there were no defaults or other adverse data to indicate she was under financial pressure. She was under her credit limit on all her cards, and using around 25% of her overdraft facility.

Overall, I think these checks were proportionate for a credit line of £200, and there was nothing in the results that I think ought to have led Capital One to make a different lending decision.

Mrs P says her indebtedness had increased whilst her income hadn't, but this isn't something Capital One could have seen from its checks, which I have found to be proportionate. And as it only approved a £200 credit limit – so even if Mrs P used this in full her monthly repayments would be minimal - I can't fairly find it lent irresponsibly. In addition, I note Mrs P only spent £2 on her card in the first 12 months so there was nothing there to suggest she was under financial pressure when she applied and needed the credit to pay other debt.

It follows I don't think Capital One was wrong to give the card and opening credit limit of £200 to Mrs P.

I have then reviewed the contact between the parties after Mrs P fell into arrears. I can see Capital One agreed to reduced payment plans in June and August 2022, as well as giving a 30-day breathing space in March 2022. Capital One has rejected Mrs P's requests to write off her balance but in the circumstances of this case that it is a legitimate commercial decision, and I cannot interfere in this. Capital One has also evidenced it followed the correct process to default Mrs P's account. I would urge Mrs P to contact Capital One to agree an affordable payment plan and I would remind Capital One of its obligations to continue to treat Mrs P fairly, and with forbearance.

I am sorry this has been difficult for Mrs P, but based on the available evidence I can't fairly conclude Capital One treated her unfairly.

### **My final decision**

I am not upholding Mrs P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 24 May 2023.

Rebecca Connelley  
**Ombudsman**