

The complaint

Mrs B complains about the rate of interest that Capital One (Europe) plc has applied to her account after she opted out of an interest rate increase in 2010 and that it rejected her partial settlement offer.

What happened

Mrs B has a Capital One credit card account. Capital One wrote to her in January 2010 about an increase in the interest rate on her account but she opted out of the increase and continues to repay her outstanding balance by monthly instalments at her “old rate”. The outstanding balance on her account was £893.22 in March 2020 and Mrs B offered a payment of £446.61 to settle her account but Capital One didn’t accept that offer.

Mrs B and her husband spoke with Capital One in March 2023 about Mrs B’s account and they were given incorrect information about the interest rate. Mrs B complained to Capital One in June 2023 about the interest rate that she was being charged, that it hadn’t accepted her settlement offer, and about the incorrect information that it had given. Capital One said that her account’s interest is linked to the Bank of England base rate, as stated in her terms and conditions, and that it declined her settlement offer as it didn’t meet its settlement criteria. It apologised that Mrs B and her husband were given incorrect information about the interest rate and it credited her account with £25 to make up for the inconvenience and distress caused.

Mrs B wasn’t satisfied with its response so she complained to this service. Mrs B’s complaint was then looked at by one of this service’s investigators who, having considered everything, didn’t think that it should be upheld. He thought that Capital One provided Mrs B with enough information for her to be reasonably aware that the interest rate could increase and that it wasn’t unfair to reject her settlement offer.

Mrs B responded to the investigator’s recommendation in detail and set out reasons that she thought that her complaint should be upheld. The investigator described why he was still of the opinion that Capital One acted fairly in relation to the key issues at the heart of this complaint. Mrs B didn’t accept the investigator’s recommendation and asked for her complaint to be considered by an ombudsman. Her husband provided a further detailed response to the investigator’s recommendation.

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.

Mrs B has provided detailed information about her complaint, including in her complaint form and in her response to the investigator’s recommendation and her husband has also provided a detailed response to the investigator’s recommendation. I have carefully considered all of that information but I’m not persuaded that Mrs B’s complaint should be upheld for the reasons that follow.

Mrs B had signed a Capital One credit card agreement in November 1998. Capital One wrote to Mrs B about an increase in the interest rate on her account in January 2010. The letter said:

"You can continue to use your card and account at the new rate(s) in which case you don't need to do anything. Or you can choose to opt out of this rate change, which means you'll need to repay any outstanding balance and close your account. You'll also need to destroy your card as you won't be able to use it anymore";

"As set out in your agreement, you can repay any outstanding balance either immediately in full, or monthly at your old rate until your entire balance has been paid off. You'll need to ensure you make at least the minimum payment each month"; and

"The rates on the front of this letter reflect the maximum interest you could be charged in a year, based on the Bank of England Base Rate remaining as it is".

The interest rate on balance transfers on Mrs B's account prior to the increase was 8.01%, which was 7.51% above the Bank of England base rate. I can see why Mrs B might have read the letter to mean that her "old rate" was fixed at 8.01% but I consider that it was clear enough that her "old rate" was linked to the Bank of England base rate and that any increase in that rate would also increase the interest rate on her account.

I understand that monthly statements for Mrs B's account were issued to her online and set out the interest rate that was applicable at that time to her account. Mrs B says that she didn't read those statements as she wasn't using the card but I'm not persuaded that Capital One was required to give her more information about the interest rate for her account.

Capital One has apologised that Mrs B and her husband were given incorrect information about the interest rate in March 2023 and it credited her account with £25 to make up for the inconvenience and distress caused. I consider that to have been a fair and reasonable response to that issue. Other than giving that incorrect information to Mrs B and her husband, I'm not persuaded that there's enough evidence to show that Capital One has acted incorrectly in connection with the rate of interest that it has applied to Mrs B's account so I find that it wouldn't be fair or reasonable for me to require it to refund to Mrs B any of the interest that she's paid or to take any other action in connection with that issue.

The outstanding balance on Mrs B's account was £893.22 in March 2020 and Mrs B offered a payment of £446.61 to settle her account. Capital One didn't accept that offer and said:

"We've looked closely at your request and considered a number of factors to find the best solution for you and Capital One. The following information has helped us to make our decision: the outstanding balance on the account; age of debt; income and expenditure information; how affordable the monthly payments are, now and in the future; other factors, for example health or family issues, which may impact on future ability to repay the money owed; and the time scales within which you have offered to make the settlement.

Unfortunately, we can't accept your request as we don't think it would be the right solution at this time. But, based on the information we have, we have kept the direct debit in place on your account.

If you're finding it difficult to keep up with your payments, including those to other companies, or you need help claiming benefits, you can contact these organisations for free, independent advice ... If you have any questions or you would like to speak about what other options you may have please get in touch".

Mrs B says that she doesn't have a record of exactly what was said during the phone call in March 2020 and that, due to the turmoil caused by the Covid-19 pandemic over the last few

years, she didn't manage to revisit the matter of trying to settle her account, until 2023. Her husband says, in response to the investigator's recommendations that Capital One had no data, or very outdated information, for some of the criteria and that other of the criteria should have counted in her favour. But neither Mrs B nor her husband has provided evidence to show that Capital One should have made a different decision or that it acted incorrectly by not accepting Mrs B's settlement offer. And I'm not persuaded that it would be fair or reasonable in these circumstances for me to require Capital One to now take any action in connection with the settlement offer that Mrs B made to it in March 2020.

Capital One has provided account statements which show that Mrs B continues to pay the minimum payment amount each month and that in August 2024 the outstanding balance on her account was £501.99.

My final decision

For these reasons, my decision is that I don't uphold Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 6 November 2024.

Jarrold Hastings
Ombudsman