

The complaint

Mr D complains that Capital One (Europe) plc hasn't increased the credit limit on his credit card. He believes that he's being discriminated against because of his previous credit history with Capital One.

What happened

Mr D holds a credit card account with Capital One. He's held the card for several years but the initial credit limit of £200 has never been increased. Mr D says he has applied online for a credit limit increase every 3 to 6 months over the last 7 years but each time he applies his request is declined.

Mr D believes that Capital One are holding information about a debt which is more than 6 years old and that this is why his applications for a credit limit increases are being declined. Mr D doesn't think this information should be taken into consideration.

Mr D says that other lenders have increased his credit limit over the years. He feels that he's being discriminated against. He raised a complaint with Capital One.

Capital One didn't uphold the complaint. In its final response it said its internal lending criteria was confidential and that it wasn't able to tell Mr D the exact reason why his credit limit hadn't been increased. Capital One said it took treating customers fairly very seriously and said it made efforts to ensure that it wasn't discriminating against anyone for any reason.

Mr D remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. He said there was nothing in the terms and conditions of the credit card which said that Capital One had to offer credit limit increases and that the decision whether to increase a credit limit was one which only the business could make.

Mr D didn't agree. He said he understood that this service couldn't interfere with Capital One's internal lending criteria. But he said his complaint was that Capital One had declined to increase his credit limit because of historic information it was holding which he said was outdated and not relevant. Mr D said he didn't think this was fair. Mr D said that all of the evidence pointed towards Capital One discriminating against him because he had been granted loans and credit cards by other lenders and had been given credit limit increases by them without issue.

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.

The starting point in this complaint is that the decision whether to lend is a business decision which only the lender can make. It isn't the role of this service to tell a lender to disclose the

specific reason why lending has been declined, because this is business sensitive information. Nor is it the role of this service to tell a business what its lending criteria should be.

What this service can do is look at whether a lender has applied its lending criteria fairly.

Mr D says that he has applied for a credit limit increase every 3-6 months for the last 7 years. And that each time he has been declined. He's unhappy that Capital One won't tell him why he's been declined and he suspects that it is because of historic information. Mr D hasn't told this service exactly what that historic information relates to, but he's said it relates to a previous account with Capital One.

When a customer requests a credit limit increase, the lender will usually review the customer's credit report, their credit score, how their existing credit cards are used, their history with the company and any information it holds on file.

There are a number of reasons why a lender might decline a request for a credit limit increase. These include – for instance – a history of late payments, only paying the minimum monthly payment, missed payments, exceeding the existing credit limit, a low credit score, too little credit history, too many recent applications, too much debt elsewhere with other lenders or an inadequate verifiable income. Getting declined for a credit increase can impact on a credit score – whether or not it does depends on whether the lender reviews the customers credit report with a hard or soft search before making their decision. A hard search might negatively impact a credit score. In this case, Capital One has confirmed that it doesn't carry out hard searches on an application for a credit limit increase.

Capital One hasn't provided the specific reason for declining Mr D's requests for a credit limit increase. However, it has said that it feels that it would be irresponsible to increase Mr D's credit limit based on his current account management. Capital One has also said that it is more likely to increase a customers credit limit if they have paid on time, haven't gone over the limit and don't have a lot of debt elsewhere.

I'm not able to require Capital One to disclose the specific reason for the decline. However, based on what I've seen from the information provided, I'm satisfied that Capital One has applied its lending criteria before reaching a decision.

I've gone on to consider whether the lending criteria has been applied fairly. In order to be persuaded that Capital One has treated Mr D unfairly, I would need to see evidence that Capital One had taken information into account which wasn't relevant to the application for a credit limit increase. Mr D has alluded to historic information. Information which a lender holds about a customer (including the customers history with the business) is something which a lender can take into account as part of its lending decision. So if it is the case that Capital One has taken information which it holds into account, and provided this is relevant information, I'm unable to say that it has made an error or done something wrong.

That said, I haven't seen any evidence to suggest that Capital One's decision to decline Mr D's application for a credit limit increase is due to historic information. It seems more likely – from what Capital One has said – that the reason is linked to Mr D's management of the account.

I appreciate that Mr D feels that he's been discriminated against. I haven't seen anything to make me think that this is the case. I understand that Mr D feels frustrated that he has obtained credit and credit increases from other lenders. I'm only able to look at the circumstances of this case, but its worth pointing out that every lender has different lending criteria and looks at different factors before reaching a lending decision, so its not unusual

for one lender to decline a customer and another to accept them.

Taking all of the available information into account, I haven't seen enough evidence to persuade me that Capital One has made an error or treated Mr D unfairly or unreasonably. I won't be asking Capital One to do anything further.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 19 September 2024.

Emma Davy
Ombudsman