

## **Complaint**

Mr A has complained about a credit card Capital One (Europe) plc (“Capital One”) provided to him. He says the credit card was irresponsibly provided to him as it was unaffordable. He’s also said that he was allowed to continue using the card even when his account history showed that he was experiencing difficulty.

## **Background**

Capital One provided Mr A with a credit card with an initial limit of £200 in February 2022. Mr A wasn’t provided with any credit limit increases.

One of our investigators reviewed what Mr A and Capital One had told us. And he thought Capital One hadn’t done anything wrong or treated Mr A unfairly in relation to providing the credit card or in allowing Mr A to continue using it. So he didn’t recommend that Mr A’s complaint be upheld. Mr A disagreed and asked for an ombudsman to look at the complaint.

## **My findings**

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr A’s complaint.

Having carefully considered everything, I’ve not been persuaded to uphold Mr A’s complaint. I’ll explain why in a little more detail.

Capital One needed to make sure it didn’t lend irresponsibly. In practice, what this means is Capital One needed to carry out proportionate checks to be able to understand whether Mr A could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Capital One says it agreed to Mr A’s application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr A would be able to make the low monthly repayments due for this credit card. On the other hand, Mr A says that he was already struggling and shouldn’t have been provided with the credit card, or have been allowed to continue using it.

I've considered what the parties have said.

What's important to note is that Mr A was provided with a revolving credit facility rather than a loan. And this means that Capital One was required to understand whether a credit limit of £200 could be repaid within a reasonable period of time, rather than in one go. A credit limit of £200 required low monthly payments (in comparison to Mr A's income) in order to clear the full amount owed within a reasonable period of time.

Furthermore, I've seen records of the information Capital One obtained from Mr A about his income and that was on the credit search carried out. And this information doesn't indicate to me that Capital One ought to have realised that Mr A didn't have the funds to make the low monthly payment that would be required for this credit card.

Mr A might have had defaults on his credit file. But these weren't recent as there weren't any in the last year. There wasn't anything to suggest that Mr A had been using unsustainable sources of credit too.

I appreciate that Mr A says that his circumstances were worse than what this information showed as he was struggling with a gambling addiction. But Capital One won't have known this, as the credit search didn't show any recent struggles with credit. Furthermore, while Mr A may have had previous difficulties with other credit cards, possibly even with Capital One, I don't think that this means he shouldn't have been lent to.

I've also seen what Mr A has said about his account usage once he was given the card. But I can't see anything in Mr A's transactions that suggests that he was using the card in a way that was unsustainable. Mr A might have made cash withdrawals but he was also making payments sufficient to clear the balance within a reasonable period of time. And most importantly he was also making purchases on his card too.

I do appreciate that Mr A has said that he has had other complaints upheld on the basis that the lender failed to monitor his account and allowed him to use it unsustainably. However, I'm mindful that in this case Mr A's credit limit was only £200. And there wasn't anything in account transactions which suggested that Mr A was experiencing difficulty, or more importantly that meant Capital One ought to have stepped in and taken corrective action.

In these circumstances, I'm not persuaded that Capital One was allowing him to use his credit card in a way that it ought to have realised would cause him harm, particularly as the card was being used in accordance with the terms and conditions.

In reaching my conclusions, I've also considered whether the lending relationship between Capital One and Mr A might have been unfair to Mr A under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Capital One irresponsibly lent to Mr A or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall while I can understand Mr A's sentiments, I don't think that Capital One treated Mr A unfairly or unreasonably when providing Mr A with his credit card. And I'm not upholding Mr A's complaint. I appreciate this will be very disappointing for Mr A. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

**My final decision**

For the reasons I've explained, I'm not upholding Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 7 April 2025.

Jeshen Narayanan  
**Ombudsman**