

Complaint

Miss H has complained about a credit card Capital One (Europe) plc (“Capital One”) provided to her. She says the credit card was irresponsibly provided as it was unaffordable.

Background

Capital One provided Miss H with a credit card with a limit of £200 in April 2023. The credit limit on Miss H’s card wasn’t ever increased.

One of our investigators reviewed what Miss H and Capital One had told us. And he thought Capital One hadn’t done anything wrong or treated Miss H unfairly. So he didn’t recommend that Miss H’s complaint be upheld.

Miss H 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 Miss H’s complaint.

Having carefully considered everything, I’ve decided not to uphold Miss H’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 Miss H 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 initially agreed to Miss H’s application after it obtained information on her income and carried out a credit search on her. And the information obtained indicated that Miss H would be able to make the low monthly repayments due for this credit card.

On the other hand, Miss H says that she shouldn’t have been lent to.

I’ve considered what the parties have said.

What's important to note is that Miss H was provided with a revolving credit facility rather than a loan. 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 all in one go. And a credit limit of £200 required relatively small monthly payments in order to clear the full amount owed within a reasonable period of time.

I've seen records of the information Capital One obtained from Miss H about her income and what was on the credit search carried out. Capital One says that Miss H declared receiving around £36,000.00 a year. The credit search carried out showed that Miss H did have defaulted accounts recorded against her however they were historic as they took place in June 2017 and July 2017. So I don't think that the defaulted accounts mean that Miss H shouldn't have been lent to in the way that she suggests.

Ultimately, it was up to Capital One to decide whether it wished to accept the credit risk of taking on Miss H as a customer provided it was reasonably entitled to believe that the credit was affordable and it reasonably mitigated the risk of harm to her going forward. And I'm satisfied that Capital One did mitigate this risk of harm by providing Miss H with such a low credit limit to begin with.

In these circumstances, there was little to suggest that Miss H couldn't afford to make what were the low monthly payments required to this credit card, or that it was unreasonable for Capital One to lend.

I accept that Miss H says her actual circumstances at the time were worse than what the information Capital One obtained showed. I'm sorry to hear that Miss H has found making her payments difficult. However, despite having been provided with significant opportunity to do so, Miss H hasn't provided me with anything at all to support her argument that she couldn't have made the low monthly repayments due as a result of this credit card.

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

However, for the reasons I've explained, I've not been persuaded that Capital One irresponsibly lent to Miss H or otherwise treated her 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.

Overall and having considered everything, while I can understand Miss H's sentiments and I'm sorry to hear what she's said about her situation, I don't think that Capital One treated Miss H unfairly or unreasonably in deciding to provide her with her credit card. So I'm not upholding this complaint. I appreciate this will be very disappointing for Miss H. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Miss H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 12 May 2025.

Jeshen Narayanan

Ombudsman