

## **The complaint**

Miss H complains Capital One (Europe) plc trading as Capital One (Capital One) failed to carry out proportionate financial checks before approving two credit card accounts for her.

## **What happened**

Miss H says Capital One approved two credit card accounts for her in May 2021 and October 2021 with credit limits on both accounts of £200. Miss H says at the time she applied for both credit card accounts she had outstanding external debt, and a history of defaulted accounts. Miss H says if Capital One had carried out more thorough checks it would have seen that further borrowing was unsustainable.

Miss H wants Capital One to refund any interest and charges, along with 8% simple interest and any adverse entries on her credit file relating to these accounts to be removed.

Capital One says it follows strict guidelines when assessing new credit card applications. Capital One says it uses a combination of data from the credit reference agencies (CRA's), Miss H's declared income and expenditure from her applications, non-customer specific data from the Office of National Statistics (ONS) and its own internal data.

Capital One says from its internal modelling, based on this data the two credit card account limits of £200 were affordable.

Miss H wasn't happy with Capital One's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says there are no set list of checks a lender must undertake before providing credit facilities, but these should be customer focused and take into account the amount, type, term and cost of any borrowing approved.

The investigator says prior to the approval of both credit card accounts he could see Miss H's income was around £12,000 per annum, with modest living costs and her external debt ranged between circa £2,300 and £3,000 with no missed payments in the 12 months leading up to both applications. The investigator says Capital One had taken into account previous defaults recorded against Miss H, but these were historic and that wouldn't be a reason for it not to provide the modest level of credit it did here.

The investigator concluded the checks Capital One carried out were proportionate to the level of lending being provided and felt it had lent responsibly.

Miss H didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final decision.

## **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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I was sorry to hear Miss H is experiencing financial difficulties and this must be upsetting for her. When looking at this complaint I will consider if Capital One failed to carry out proportionate financial checks before it approved the two credit card accounts for Miss H in May 2021 and October 2021.

Miss H's complaint centres around the fact Capital One failed to carry out proportionate checks before it approved two credit card accounts for her in May 2021 for £200 and October 2021 again for £200. Miss H says if it had, it would have seen defaults registered against her in the past that were still owing, and her declared monthly housing costs of only £60 wasn't realistic.

Miss H says Capital One only focussed on her income and not her outstanding external debt and the borrowing it approved wasn't affordable or sustainable.

While I understand the points Miss H makes here, I'm not fully persuaded by her argument and I will go on to explain why.

The first thing to say here, as explained by the investigator, there are no set list of checks lenders like Capital One must undertake before it provides credit facilities to its customers, but these should be borrower focused taking into account the amount, type, term and cost of any such borrowing. It's also not for me to tell Capital One what checks it must carry out or from what source those checks must come from.

From the information I have seen, before Capital One approved these two credit card accounts for Miss H it used data from her own credit card applications, two recognised CRA's, the ONS and carried out its own affordability modelling from this.

Capital One have evidenced it considered the defaults recorded against Miss H but these were historic and there were no recent signs of financial pressure such as missed payments.

From the data Capital One relied on, it showed Miss H had an annual income of between £12,000 to £12,500 at the time of the credit card applications in May 2021 and October 2021. Its affordability modelling took into account existing external debt and Miss H's declared housing costs of £60 per month. It's also worth mentioning from the data I have seen, Miss H's external borrowing had reduced by the time the second credit card account was approved in October 2021, by around £600.

It's reasonable to say here Capital One only approved very modest credit facilities to Miss H here, so I wouldn't expect it to carry out the same depth of financial due diligence one might expect to see when approving say a large, committed long term loan for example. So on balance I'm satisfied the checks Capital One did carry out were proportionate to the level of borrowing and having carried out an affordability assessment, the borrowing looked affordable and sustainable at the time the credit card accounts were approved.

Miss H feels Capital One only focused on her income and didn't look for example at her housing costs which was only declared as £60 per month, but that's not something I would expect Capital One to challenge as a matter of course, given she had declared this as correct and after all not everyone living with their parents pay a commercial level of rent.

It's also fair to say from time to time things don't always go to plan financially and simply because in the past defaults have been recorded against someone, that's not a reason in itself for lenders like Capital One to refuse to provide modest levels of credit, as it did here.

So taking everything into account I'm satisfied Capital One carried out reasonable and proportionate checks and the lending it provided was responsible.

I've also considered whether Capital One acted unfairly or unreasonably in some other way given what Miss H has complained about, including whether its relationship with her might have been unfair under s.140A Consumer Credit Act 1974. However, for the same reasons I have set out above, I've not seen anything that makes me think this was likely to have been the case.

While Miss H will be disappointed with my decision, I won't be asking anymore of Capital One.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 2 September 2025.

Barry White  
**Ombudsman**