Financial Ombudsman Service

Complaint

Mr B has complained about a credit card Capital One (Europe) plc ("Capital One") provided to him.

He says that he shouldn't have been given the credit card and that it was irresponsibly provided to him.

Background

In June 2022, Capital One provided Mr B with a credit card which had a limit of £1,500.00. Mr B wasn't provided with any credit limit increases.

One of our investigators reviewed what Mr B and Capital One had told us. And she thought Capital One hadn't done anything wrong or treated Mr B unfairly in relation to providing the credit card.

So she didn't recommend that Mr B's complaint be upheld. Mr B 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.

Having carefully considered everything, I've decided not to uphold Mr B's complaint. I'll explain why in a little more detail.

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 B's complaint.

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 B 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 don't think that it is necessarily unreasonable for a lender's checks to be less detailed – 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 B's application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr B would be able to make the monthly repayment required to clear the balance that could be owed within

a reasonable period of time. On the other hand, Mr B says that he shouldn't have been lent to under any circumstances.

I've considered what the parties have said.

What's important to note is that Mr B 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 £1,500.00 could be repaid within a reasonable period of time, rather than in one go. A credit limit of £1,500.00 didn't require especially large monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I've seen the information Capital One obtained from Mr B about his income and what was on the credit search carried out. Capital One says that Mr B declared that he was employed full time with a salary of £22,500.00 a year and living at home with parents. Capital One's credit search also appears to show that Mr B didn't have any significant adverse information recorded against him at the time either. For example, I can't see any defaulted accounts or county court judgments recorded.

Furthermore, in terms of active credit Mr B had a hire-purchase agreement that he was repaying well. I don't think that this was excessive given he didn't have much else in the way of existing indebtedness either. There was nothing recorded in relation to student loans on the credit searches either. So I don't think that Capital One could be reasonably expected to take this into account.

For the sake of completeness, I would also add that it's also not even immediately apparent to me that even more checks, which at the absolute maximum would have consisted of finding out more about Mr B's living expenses rather than relying on estimates of this, would, in any event, have led to Capital One making a different decision.

I say this because I've not seen anything which clearly demonstrates that Mr B's monthly committed living costs were substantially higher than the combination of declared information and statistical data which Capital One used. Equally, there is nothing else that has been provided to me which shows me that had Capital One obtained these actual living costs, it would more likely than not have learned that the monthly payments that could be due on this card were more likely than not unaffordable.

In reaching my conclusions, I've also considered whether the lending relationship between Capital One and Mr B might have been unfair to Mr B under s140A 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 Mr B or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that s140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall and having considered everything I don't think that Capital One treated Mr B unfairly or unreasonably in approving his credit card application. In my view, Capital One did enough to establish that the monthly payments to the credit card were affordable. And, in any event, even if it had done more here, which for the reasons I've explained I don't think was necessary, I don't think that would have made a difference to its decision to lend. I'm therefore not upholding this complaint.

I appreciate this will be very disappointing for Mr B. 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 B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 August 2025.

Jeshen Narayanan
Ombudsman