

The complaint

Mr M complains that Capital One (Europe) plc lent to him irresponsibly.

In bringing his complaint, Mr M is supported by a representative. For ease, though, I'll only refer to Mr M throughout.

What happened

In November 2023, Mr M was provided with a credit card by Capital One with a limit of £500; the credit limit was never increased. Around a year later, in November 2024, Mr M complained to Capital One. In summary, he said it had irresponsibly lent to him and that sufficient checks – to ensure his affordability status – hadn't been undertaken.

Capital One didn't uphold the complaint. It said, in summary, that it had carried out checks proportionate to the amount being lent; those checks hadn't revealed any concerns, and on that basis the credit card had been provided to Mr M.

Mr M wasn't happy with that response. So, in January 2025, he referred his complaint to this Service for independent review. An Investigator here considered what had happened; having done so, they didn't think Capital One had done something wrong. In short, the Investigator said:

- The checks carried out by Capital One were proportionate in the circumstances.
- The information gathered as a result of those checks wouldn't have given Capital One any cause for concern. Instead, there was nothing to show that Mr M was struggling financially and/or wouldn't be able to afford the repayments of this credit card.
- Given the checks Capital One carried out were proportionate, it wouldn't have needed to undertake further review or ask for more in-depth information – like obtaining Mr M's bank statements or verifying his income – in such circumstances.
- Overall, Capital One hadn't acted unfairly or unreasonably in giving Mr M this credit card.

Mr M disagreed, and he maintained that he'd been irresponsibly lent to. As no agreement has been reached, Mr M's complaint has now been passed to me to decide.

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 agree with the findings of our Investigator for largely the same reasons. To explain, the rules and regulations in place at the time Mr M was provided with the credit required Capital One to carry out a reasonable and proportionate assessment. That's to

determine whether he could afford to repay what he owed in a sustainable manner. This practice is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be borrower focussed; that is, relevant to Mr M. So, Capital One had to think about whether repaying the credit sustainably would cause difficulties, or other adverse consequences. In other words, Capital One had to consider the impact of any repayments on Mr M.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g: their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Capital One did what it needed to before agreeing to lend to Mr M.

Here, before agreeing to lend, Capital One undertook a credit check and relied upon information provided by Mr M in his application. In my view, the data gathered as a result of those checks didn't suggest that there was any obvious cause for concern. Rather, information from Credit Reference Agencies ("CRAs") didn't show any recent defaults or County Court Judgements; Mr M had declared that he was employed with an annual income of £30,000 – something Capital One was entitled to rely upon in the circumstances – and while he did have some other credit commitments, little in the data Capital One gathered from CRAs suggested particular cause for concern at the time. On that basis, considering the modest size of the credit limit provided here at £500, and noting that neither CRA data, nor application data, raised any concerns, I think the checks undertaken by Capital One before lending to Mr M were proportionate.

At this point, I will acknowledge how Mr M has explained that he had some issues with other commitments. He considers that these issues should've flagged to Capital One in the checks it carried out. With that in mind, it's important for me to explain that at this initial stage of lending, Capital One wouldn't necessarily have had sight of that level of information Mr M has referred to; the checks it carried out wouldn't inevitably have revealed it. To be clear, I don't think that's a failing on Capital One's part – particularly given the amount being lent. The fact is that I wouldn't have expected Capital One to do any further checks, or verification, for Mr M at this stage.

For completeness, I have reviewed the data Mr M's provided – that being, a full copy of his credit report – and it seems he had some late or missed payments for several accounts. Mr M has also highlighted that he'd used credit for cash advances, and had been over the limit of another account, very close to applying to Capital One.

Such information, though, didn't translate into Capital One's checks. As I've said above, I don't consider that a failing – Capital One was entitled to rely upon information returned in the checks it carried out. In any case, lots of these events happened several months, or even years, prior to Mr M's application to Capital One. Additionally, the majority of corresponding accounts were settled by the time Mr M applied. So, even if Capital One did review Mr M's credit file in great detail – something it wasn't required to do – I'm not persuaded a different lending decision would've been reached.

Instead, having thought about the information Capital One did gain through its proportionate checks which, to reiterate, it was entitled to rely upon here; it's difficult for me to fairly say that providing Mr M a £500 credit card was irresponsible. As I've outlined, nothing in the data gained about his financial circumstances, nor management of other outstanding credit commitments at the time, suggested to a noteworthy degree that lending here would be unaffordable.

To sum up then, having thought about the information gained through Capital One's checks, I can't fairly say that providing Mr M with a £500 credit card was irresponsible. I am sorry to disappoint Mr M; I know this won't be the outcome that he's hoping for, and I certainly don't mean to downplay the impact he's said this matter has had. But it's for the reasons I've explained that I don't think Capital One acted unfairly or unreasonably here. It follows that I'm not upholding this complaint.

Separately, whilst I'm not upholding the complaint, I do want to remind Capital One of its obligations to exercise forbearance moving forward. I would certainly encourage Mr M to keep in regular contact with Capital One about any difficulties he's facing.

Finally, I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Capital One lent irresponsibly to Mr M or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 June 2025.

Simon Louth
Ombudsman