

Complaint

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

Background

Capital One provided Miss H with a credit card with a limit of £300 in April 2021. The limit on the credit card was never increased.

One of our investigators reviewed what Miss H and Capital One had told us. And she thought Capital One hadn’t done anything wrong or treated Miss H unfairly in relation to providing the credit card. So she 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 as well as her monthly living costs and also 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 as she had previously defaulted on credit accounts and was in a poor financial position.

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 £300 could be repaid within a reasonable period of time, rather than all in one go. And a credit limit of £300 required relatively low monthly payments in order to clear the full amount that could be 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 a salary of around £19,000.00 a year and that she paid rent of £350 a month. Capital One's credit check did indicate that Miss H had had previous difficulties with credit in the form of defaulted accounts.

However, I don't think that Miss H's previous difficulties mean that she 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. I'm satisfied that Capital One did mitigate this risk by providing Miss H with an extremely low credit limit to begin with.

For the sake of completeness, I would also add that even if I were to accept that further checks were necessary, any such checks would only have gone as far as finding out more about Miss H's regular living costs, rather than relying on estimates of this. And despite having been given significant opportunity to do so, Miss H hasn't provided me with clear evidence that her committed monthly expenditure did render what were the low repayments required on this credit card, unaffordable.

As this is the case, I'm not persuaded that Capital One carrying out further checks would have shown it that this the monthly payments that could be required as a result of this credit card were unaffordable.

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. So I'm not upholding this complaint.

Overall and having considered everything, while I can understand Miss H's sentiments and I'm sorry to hear about her situation, I don't think that Capital One treated Miss H unfairly or unreasonably. 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 11 August 2025.

Jeshen Narayanan
Ombudsman