

The complaint

Mr N complains that Capital One (Europe) plc ("Capital One") acted irresponsibly in giving him a credit card with a £200 credit limit and stopped taking repayments from his pre-paid credit card which resulted in a County Court Judgement (CCJ) against him for the outstanding debt.

What happened

In April 2018, Mr N was granted a credit card by Capital One with a credit limit of £200 and this limit never increased.

In August 2019, Mr N was issued a default notice by Capital One and the outstanding debt was subsequently sold to a third party debt collection agency in April 2020.

Mr N initially complained to Capital One in December 2023 about not being able to pay off the debt with a pre-paid credit card and the CCJ.

On 22 January 2024 Capital One issued Mr N with a final response letter ("FRL"). Under cover of this FRL Capital One didn't uphold Mr N's complaint and said they didn't allow customers to pay off debt using another debt and that the CCJ had been instigated by the third party debt collection agency.

Unhappy with the response from Capital One, Mr N brought his complaint to us in April 2024 and included the irresponsible lending aspect. Because Capital One hadn't previously been aware of this aspect, we gave them more time to respond.

On 8 July 2024 Capital One issued Mr N with a further FRL. Under cover of this FRL Capital One rejected the complaint about irresponsible lending and said it had been made out of time under the rules as it had been made over six years from when the account had opened and the debt had subsequently been sold. Mr N's complaint was then considered by one of our investigators who came to the same conclusion.

Mr N didn't agree with the investigator's view so his complaint was passed to an ombudsman here for review who concluded that it was one that we could consider. The case was passed back to the investigator to consider the merits of it but having done so they came to the view that it shouldn't be upheld.

Mr N didn't agree with the investigator's view, so his complaint has been passed to me for review and 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.

However, having done so, I can confirm that I've come to the same overall conclusions as the investigator and for broadly the same reasons.

It's clear that Mr N has strong feelings about this complaint. He has provided detailed submissions in support of his view by both email and in calls with our investigator which I can confirm I've read, listened to and considered. However, I trust Mr N will not take the fact that my findings focus on what I consider to be the central issues, and that they are expressed in considerably less detail, as a discourtesy. The purpose of my decision isn't to address every point raised. The purpose of my decision is to set out my conclusions and the reasons for reaching them. Our powers allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Secondly, I would add that where the information I've got is incomplete, unclear or contradictory, I've to base my decision on the balance of probabilities.

Capital One will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Capital One's decision to grant Mr N an account in December 2018

Before granting the credit, Capital One was required to complete proportionate affordability checks to ensure the credit was affordable and sustainable. What is considered proportionate will vary depending on the specific circumstances of each case, as there isn't a set list of checks that had to be completed.

I've seen evidence that Capital One gathered information about Mr N's circumstances before it made its lending decision. Mr N told Capital One he was self-employed at the time of the application, earning approximately £35,000 a year. And the credit check that it conducted showed Mr N had just £128 of active debt and had only one default on a utility account a month before the facility was approved. So I'm satisfied there was nothing to suggest Mr N wouldn't be able to afford the modest credit limit of £200. So I don't consider Capital One acted irresponsibly in granting Mr N a credit card with a £200 credit limit.

So, overall, bearing in mind the checks Capital One did and what this showed them, I don't think it made an unfair or unreasonable lending decision when it provided Mr N with the credit.

Payment issues

Mr N also complained that he wasn't allowed to pay off the existing debt using a pre-paid credit card. Capital One have explained in their FRL dated 22 January 2024 this was a business decision as they didn't allow debt to be paid off using other debt. It said it would have made Mr N aware of the different options he had to pay when it sent him his statements. Capital One also said that Mr N had already complained about this issue on 9 January 2019 but it was unable to provide a copy of the FRL due to the amount of time that has passed.

I find it unusual that Capital One didn't make reference to this in their FRL on 22 January 2024, given this is one and the same complaint. Mr N has also told us he never received any such FRL in 2019. From the evidence I've seen, I'm unsure if a FRL was issued or not as the account notes indicate a final response was required, but I've not seen any evidence to suggest one was actually sent.

If Capital One had issued a FRL in 2019, I wouldn't be able to consider the complaint on the grounds that it had been referred to us too late after six months. And consequently, if Capital One hadn't sent an FRL in 2019, I'd be able to consider this aspect but with limited information to do so. So on balance, as I haven't seen evidence that an FRL was in fact issued, as opposed to just referred to, I'll base my decision regarding this aspect on the information I do have.

Capital One has already explained that Mr N would have been given other options regarding how to pay in his monthly statements and I can see that he was advised of this during a call on 21 March 2019. It appears that Mr N was initially allowed to make payments using his pre-paid credit card but a business decision was taken at some stage to stop this, albeit it did continue to take the interest payments from his pre-paid credit card.

Banks are free to determine on what basis it allows customers to make payments, as this is a commercial decision and it wouldn't be fair or reasonable for me to interfere in this process. However, I would expect Capital One to give reasonable notice of any changes it was implementing to consumers, as in this case when it took the commercial decision to no longer accept pre-paid credit cards as a form of debt payment. Capital One said it did this but due to the passage of time has been unable to provide us with the evidence it did. But on balance, I've not been provided with any evidence that Capital One didn't do what it told us it did and so I don't think Capital One did anything wrong and I don't uphold this aspect of the complaint.

Did Capital One act unfairly in any other way?

We've already concluded that we won't be considering the issue of an unfair relationship as part of Mr N's complaint against Capital One in the jurisdiction decision we issued on 31 March 2025. So I won't be making any further comment on this aspect.

I know that Mr N will be disappointed with my decision. But having considered everything that the parties have said and submitted I'm simply not persuaded, in the particular circumstances of this case, that Capital One did anything wrong.

My final decision

For the reasons given above, I don't uphold this complaint against Capital One (Europe) plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 22 July 2025.

Paul Hamber
Ombudsman