

## **The complaint**

Mr B is unhappy that Capital One (Europe) plc won't reclaim a payment from a merchant made via continuous payment authority using expired card details.

## **What happened**

On 24 November 2024, a merchant took an annual service fee from Mr B's Capital One account via a continuous payment authority. Mr B asked Capital One to raise a dispute regarding the transaction as he hadn't required a service from the merchant for several years.

Capital One's disputes team asked Mr B to provide evidence to show that he had tried to dispute the payment with the merchant directly, which they required before they would consider disputing the transaction themselves on Mr B's behalf. Mr B wasn't happy that Capital One required this from him and that they wouldn't pursue his dispute with the information he'd already provided to them, so he raised a complaint.

Capital One responded to Mr B and explained that they had no record of him cancelling the continuous payment authority for the merchant before the recent payment had been taken. Capital One also explained that, because of this, they wouldn't be able to dispute the payment that had been taken, but that the authority had now been rescinded as per Mr B's request, meaning no future payments would be taken. Finally, Capital One invited Mr B to provide further information, such as evidence that he cancelled the continuous payment authority with the merchant directly, which might lead them to reconsider their position.

Mr B wasn't happy with Capital One's response, and he noted that the credit card details held by the merchant had expired in March 2020, and that he had deliberately never updated his card details with the merchant. Mr B therefore felt that Capital One had acted unfairly by allowing the merchant to take payment using expired card details. So, he referred his complaint to this service.

One of our investigators looked at this complaint. But they noted that a continuous payment authority applied to an account, and not to a specific card, meaning that an expired card didn't affect an ongoing payment authority.

Because of this, and because Mr B hadn't cancelled the continuous payment authority with either the merchant or Capital One, our investigator didn't feel that Capital One had acted unfairly by allowing the payment to be taken or by not recovering the taken payment from the merchant as Mr B wanted. Mr B didn't accept the view put forwards by our investigator, so the matter was escalated 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.

Mr B has explained that it's his understanding that because the card details he provided to

the merchant relate to a card that expired in 2020, Capital One should not have allowed payments to be taken by the merchant from the account after that card expired, such as the payment in November 2024 - because the merchant would have been applying for the payment using expired card details.

Unfortunately, Mr B's understanding on this point is incorrect. When a continuous payment authority is granted, that authority is set up against the account, and not against a specific card. This means that, because Mr B never rescinded the continuous payment authority with either the merchant or Capital One, the merchant did still possess the authority to take the payment, regardless of the fact they no longer held details for a valid credit card.

Mr B has noted that consumers are advised to update card details with merchants with whom a continuous payment authority is in place. But this advice is generally given to ensure that there is no potential difficulty for the merchant in taking a scheduled payment under such an authority, which might affect the account holder's relationship with that merchant. And that advice doesn't represent a confirmation that a continuous payment authority will expire when a specific card expires – which as explained, isn't the case.

Accordingly, I don't feel that Capital One have acted unfairly by allowing the merchant to take the payment or by refusing Mr B's request to recover the taken payment from the merchant - because the merchant still had an ongoing authority to take that payment which hadn't been rescinded.

Mr B could have rescinded the authority of the merchant to take the future annual payments at any time by notifying Capital One that he wanted to do so. But ultimately, Mr B didn't do this. And while I appreciate that Mr B believed that the merchant wouldn't be able to take annual payments under the continuous payment authority after the card details he'd given to the merchant had expired, as explained above, this belief was incorrect.

All of which means that I won't be upholding this complaint or instructing Capital One to take any further action. If Mr B feels that he hasn't received a service from the merchant for the payment he made, then I can only suggest that he take that matter up with the merchant directly. But I don't feel that Capital One should fairly be instructed to do anything other than ensure that the continuous payment authority is now rescinded so that no future annual payments can be taken by the merchant, which it's my understanding that Capital One have already done.

I realise this won't be the outcome Mr B was wanting, but I hope that he'll understand, given what I've explained, why I've made the final decision that I have.

### **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 Mr B to accept or reject my decision before 29 July 2025.

Paul Cooper  
**Ombudsman**