

Complaint

Mr R has complained about a credit card Capital One (Europe) plc (“Capital One”) provided to him. He says the credit card was irresponsibly provided to him as it was unaffordable.

Background

Mr R had two credit cards with Capital One. We’ve already separately explained why we’re unable to consider the complaint about one of his credit cards. So this decision only concerns Mr R’s second Capital One credit card and all reference to credit card is made with reference to this card.

Capital One provided Mr R with a credit card with an initial limit of £500 in December 2023. Mr R wasn’t provided with any credit limit increases.

One of our investigators reviewed what Mr R and Capital One had told us. And he thought Capital One hadn’t done anything wrong or treated Mr R unfairly in relation to providing the credit card or in allowing Mr R to continue using it. So he didn’t recommend that Mr R’s complaint be upheld. Mr R 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 Mr R’s complaint.

Having carefully considered everything, I’ve not been persuaded to uphold Mr R’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 Mr R 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 agreed to Mr R’s application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr R would be

able to make the low monthly repayments due for this credit card. On the other hand, Mr R says that he was already struggling and shouldn't have been provided with the credit card.

I've considered what the parties have said.

What's important to note is that Mr R 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 £500 could be repaid within a reasonable period of time, rather than in one go. A credit limit of £500 required low monthly payments in order to clear the full amount owed within a reasonable period of time.

Furthermore, I've seen the information Capital One obtained from Mr R at the time of his application and what was on the credit search carried out. Capital One says that Mr R declared he was full time employed with earnings of around £29,000.00 a year. I understand that this is likely to have been cross checked against information from credit reference agencies and therefore, I'm satisfied that Capital One was entitled to rely on this declaration.

The credit search showed that Mr R did have a defaulted account recorded against him. But this was from over four and a half years prior to this application. Furthermore, the amount Mr R owed already appears to have been relatively low in comparison to his income and even then Mr R wasn't using all of his available credit either.

Mr R has referred to what he considers to be indicators of the fact that he was struggling to manage credit. However, Mr R is relying on a copy of his full credit report when making these arguments. Lenders do not obtain a copy of a customer's full credit report when determining whether to lend to a customer.

Typically, a lender will obtain a snapshot of what the customer owed, whether there was any significant adverse information – such as defaulted accounts or county court judgments - recorded against them and whether the customer is up to date with their payments on any active accounts at the time of the application. Capital One did that here. Equally, I don't consider it fair and reasonable to expect it to have included information it couldn't have known about when making its lending decision.

So while I'm sorry to hear about what Mr R has told us, I can only determine this complaint by reference to what Capital One could reasonably be expected to know. Capital One's checks do appear to show that it would have been aware that Mr R had taken a short-term. But given this was the first such loan taken for a number of years, I don't think that means that Mr R was obviously struggling.

With this in mind, Capital One's checks didn't appear to indicate that Mr R might have been struggling and most importantly they did not suggest that £500 was too large an amount for him to repay within a reasonable period of time. This is particularly given he'd said that he was living at home with parents.

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 R'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 been provided with anything that clearly demonstrates Mr R'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 for Mr R.

In reaching my conclusions, I've also considered whether the lending relationship between Capital One and Mr R might have been unfair to Mr R under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Capital One irresponsibly lent to Mr R or otherwise treated him 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 overall while I can understand Mr R's sentiments, I don't think that Capital One treated Mr R unfairly or unreasonably when providing Mr R with his credit card. And I'm not upholding Mr R's complaint. I appreciate this will be very disappointing for Mr R. 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 R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 16 September 2025.

Jeshen Narayanan
Ombudsman