

## Complaint

Miss W has complained that Capital One (Europe) Plc (“Capital One”) irresponsibly provided her with credit cards without carrying out proper affordability checks. She says proper checks would have showed that she already had a number of debts and so she wouldn’t have been provided with the credit cards.

## Background

Miss W was initially provided with a credit card (“Card A”), which had a limit of £500, by Capital One in November 2023. Capital One then provided Miss W with a second credit card (“Card B”) in March 2024. This card had a credit limit of £200. The credit limit on either card was never increased.

One of our investigators looked at everything provided. She also didn’t think that Capital One had done anything wrong or treated Miss W unfairly. So she didn’t recommend that the complaint should be upheld. Miss W disagreed with our investigator’s assessment and asked for an ombudsman to review her 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 set out our general approach to complaints about unaffordable and irresponsible lending - including the key relevant rules, guidance and good industry practice - on our website.

Having carefully thought about everything, I’ve decided not to uphold Miss W’s complaint. I’ll explain why in a little more detail.

Capital One needed to take reasonable steps to ensure that it didn’t lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Miss W could afford to repay what she was being lent in a sustainable manner.

These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer’s income and expenditure.

With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate. But certain factors might point to the fact that Capital One should fairly and reasonably have done more to establish that any lending was sustainable for the consumer. These factors include:

- the *lower* a consumer’s income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);

- the *greater* the frequency of borrowing, and the longer the period of time during which a customer has been indebted (reflecting the risk that prolonged indebtedness may signal that the borrowing had become, or was becoming, unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable.

I've kept all of this in mind when deciding Miss W's complaint.

#### *Card A*

As previously explained, card A was opened in November 2023 with a credit limit of £500. Both of Miss W's credit cards, under the regulator's rules and guidance, are also known as revolving credit facilities. As these were revolving credit facilities, this meant that for card A Capital One was required to understand whether Miss W could repay around £500 within a reasonable period of time. Not whether she could pay the entire amount in one go.

I understand that Miss W declared that she had an annual income of £40,000.00. Capital One also carried out a credit check before initially agreeing to provide card A. Capital One's credit check showed that the amount Miss W owed wasn't excessive compared to what she declared for her income.

Miss W had an existing credit card and an overdraft. The total amount she could have owed previously was £2,500.00 and if she used this card to its maximum she could end up owing a total of £3,000.00. Furthermore, Miss W didn't have any significant adverse information such as defaulted accounts or county court judgments ("CCJ") recorded against her either.

What is important to note is that a credit limit of £500 would have required relatively low monthly payments in order to clear the full amount owed within a reasonable period of time. And the information I've seen about Miss W's circumstances does suggest that Capital One was reasonably entitled to conclude that Miss W had the funds to make the payments required to repay £500 within a reasonable period of time.

As this is the case, I'm satisfied that it wasn't unreasonable for Capital One to have agreed to have provided Miss A with card A in November 2023.

#### *Card B*

As explained in the background section of this decision, Capital One subsequently provided Miss W with card B, which had a credit limit of £200, in March 2024. Capital One has said that it carried out credit searches on Miss W and considered these results in conjunction with relying on Miss W's conduct and record on card A when deciding if it should accept the application for card B.

Capital One's credit check showed that the amount Miss W owed had increased by the balance on card A. Furthermore, Miss W had reduced what she owed on card A before she made further purchases on that account in the month before the application for card B. I'm also mindful that Miss W still didn't have any significant adverse information such as defaulted accounts or CCJs recorded against her either.

I also have to consider that as Capital One was only providing Miss W with the opportunity of spending a further £200, it was taking steps to ensure that her indebtedness wasn't rapidly increasing, or doing so in an unsustainable manner.

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 asking Miss W about her living expenses rather than relying on estimates of this, would, in any event, have led to Capital One making a different decision to provide these cards.

I say this because I've not seen anything which clearly demonstrates that Miss W's monthly committed living costs were substantially higher than the combination of declared information and statistical data which Capital One used. Equally, while I've noted what Miss W has said about juggling payday loans, these did not show up in the credit checks Capital One carried out. As Capital One wasn't aware of this, I can't see how it could reasonably be expected to factor it into its assessment.

In reaching my conclusions, I've also considered whether the lending relationship between Capital One and Miss W might have been unfair to Miss W 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 W 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.

Overall and having considered everything, while I accept that Miss W says the information gathered may not have been accurate, I'm nonetheless satisfied that Capital One carried out reasonable and proportionate checks when Miss W applied for her credit cards.

As the information gathered suggested that Miss W could afford to repay credit limits of £500 and £200 within a reasonable period of time, I'm satisfied that it wasn't unfair for Capital One to have provided the credit cards A and I'm not upholding Miss W's complaint. I appreciate this will be very disappointing for Miss W. 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 W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 15 July 2025.

Jeshen Narayanan  
**Ombudsman**