

## **The complaint**

Mr P complains that Capital One (Europe) plc lent irresponsibly when it approved his credit card application.

## **What happened**

Mr P applied for a Capital One credit card in June 2022. In his application, Mr P said he was employed with an annual income of £35,000. Capital One carried out a credit search and found some missed payments in the previous six months but no other adverse credit, defaults or current arrears were recorded. The credit file results showed Mr P had two credit cards at the time of his application and showed he owed around £6,000 in other unsecured. Capital One says it used estimates for Mr P's outgoings obtained from nationally recognised statistics when carrying out its affordability assessment. Capital One approved Mr P's application and issued a credit card with a £500 limit.

Last year, representatives acting on Mr P's behalf complained that Capital One lent irresponsibly. Capital One issued a final response and said it had carried out the relevant lending checks before approving Mr P's application and didn't agree it lent irresponsibly.

An investigator at this service looked at Mr P's complaint. They thought Capital One should've carried out better checks before approving Mr P's application and looked at his bank statements for the preceding months. The investigator thought Mr P's disposable income was sufficient to sustainably cover repayments to a new credit card with a £500 limit and didn't uphold his complaint.

Mr P's representatives asked to appeal and said his credit file showed heavy credit use and recent missed payments. Mr P's representatives also said he had a high debt to income ratio and highlighted persistent overdraft use. Mr P's representatives also said his bank statements showed significant gambling activity. As Mr P's representatives asked to appeal, his complaint has been passed to me to make a 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.

Before agreeing to lend, the rules say Capital One had to complete reasonable and proportionate checks to ensure Mr P could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information that Capital One used when considering Mr P's application above. Capital One has confirmed it used data obtained from nationally recognised statistics for Mr P's regular living expenses but hasn't been able to supply evidence of the specific figures used as the information no longer remains. I understand that's a systems issue, but it does mean I'm unable to see what the affordability checks found. In addition, I note Mr P had some reasonably recent arrears on his credit file, a newly opened credit card and that there's nothing to show Capital One verified his income in some way. Taken together, I'm unable to reach the conclusion Capital One carried out reasonable and proportionate lending checks before approving Mr P's application.

As noted above, there's no set list of checks a lender has to complete before deciding whether to proceed with an application. One option available to Capital One would've been to look at Mr P's bank statements for the preceding months to get a clearer picture of his circumstances. Mr P's representatives have provided his bank statements and I've used those to get an understanding of his regular income and outgoings.

I can see the investigator has already set out the regular outgoings and living shown on Mr P's bank statements in their view of his complaint so I won't repeat them again here. I found Mr P was receiving weekly income which was consistent. Overall, I found Mr P had around £360-£400 a month available after covering his existing debts, mortgage and living expenses. And I think that £360 to £400 a month was sufficient to sustainably make repayments to a new credit card with a £500 limit.

In response to the investigator, Mr P's representatives pointed to missed payments on his credit file and high credit use. I can also see Mr P recently opened a new credit card with another business. Whilst I note the missed payments, they were no active arrears at the point of application which indicates Mr P had resolved the issue. And whilst I can see Mr P opened another credit card, I'm satisfied Capital One was aware of that after carrying out a credit search and took it into account when deciding whether to lend. I think it's reasonable to note that whilst Capital One did find some issues on Mr P's credit file, the credit limit it approved was reasonably modest at £500 which limited the potential financial harm to him.

Mr P's representatives also said he was gambling heavily during this period and was making payments to a business I'll refer to as C. But those payments mainly came out of Mr P's second bank account. If Capital One had asked to see Mr P's bank statements, it would've requested evidence from his everyday account where bills were paid and income received. I wouldn't have expected Capital One to have asked to see all of Mr P's bank accounts so I'm not persuaded it would've seen the payments he was making to C.

Whilst I haven't been persuaded Capital One carried out proportionate checks before approving Mr P's application, I think a more comprehensive approach (like reviewing his bank statements) would more likely than not still have led to it deciding to lend. I'm very sorry to disappoint Mr P but I haven't been persuaded that Capital One lent irresponsibly to Mr P.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Capital One lent irresponsibly to Mr P or otherwise treated him unfairly. I haven't seen anything to

suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My decision is that I don't uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 21 July 2025.

Marco Manente  
**Ombudsman**