

The complaint

Mr R complains that Capital One (Europe) plc lent irresponsibly when it approved two credit card applications he made.

What happened

Mr R opened a credit card with Capital One in June 2021 (9234) and was given a £200 credit limit. The balance was repaid in full in January 2023.

Mr R applied for a Capital One credit card in September 2022 (ending 6342). In his application, Mr R said he was employed with an income of £33,000 and had monthly housing costs of £200. A credit search found Mr R had two credit cards with outstanding balances totalling £490 and an unsecured loan with £104 outstanding. An overdraft with an outstanding balance of £79 was also noted. Two defaults were found on Mr R's credit file, the newest of which was from 2019. Mr R's existing commitments were up to date and there were no recent arrears.

Capital One completed an affordability assessment taking Mr R's income, housing costs, debt repayments and an estimate of his general living expenses into account. Capital One approved Mr R's application and issued a credit card with a limit of £300. Mr R used the credit card until late 2024 when the balance was repaid in full.

Earlier this year, representatives acting on Mr R's behalf complained that Capital One lent irresponsibly and it issued a final response. Capital One upheld Mr R's complaint about account ending 9234 that was opened in 2021 and refunded all interest, fees and charges applied. Capital One said it had carried out the relevant lending checks before approving Mr R's application for account ending 6342 in September 2022 and didn't agree it lent irresponsibly.

An investigator at this service looked at Mr R's complaint. They noted Capital One had already upheld Mr R's complaint about account ending 9234. The investigator thought Capital One completed proportionate checks before approving Mr R's application for account ending 6342 in September 2022 and that its decision to approve it with a credit limit of £300 was reasonable based on the information obtained. The investigator wasn't persuaded Capital One lent irresponsibly and didn't uphold Mr R's complaint.

Mr R's representatives asked to appeal and said there were five missed payments in the lead up to his application in September 2022. Mr R's representatives also said he had maxed out his existing credit and taken cash advances in the six months before his application was made. As Mr R'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.

As Capital One has already upheld Mr R's complaint about account ending 9234 and refunded the interest, fees and charges applied I'm not going to comment on that part of his case further. I'll move on to look at account ending 6342 approved in September 2022.

Before agreeing to lend, the rules say Capital One had to complete reasonable and proportionate checks to ensure Mr R 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.

In response to the investigator, Mr R's representatives said his credit card balances were at the credit limits. But I think it's worth noting Mr R had two credit cards with limits of £200 and £300 at the time. I accept both accounts were close to the credit limit, but that left a modest outstanding balance totalling £490. In addition, I've seen no evidence of recent missed payments on Mr R's credit file. Whilst I can see two defaults were noted on Mr R's credit file, they were at least four years old at the point of application. And I think it's reasonable to note Mr R had a fairly low amount of outstanding debt at the time and he appeared to be in a stable situation. In addition,

I've set out the information Capital One used when considering Mr R's application above. I can see Mr R confirmed his income and rent and Capital One applied the cost of paying his existing debts along with an estimate for his general living expenses when completing an affordability assessment. In my view, those were reasonable and proportionate lending checks when considering the application information provided, Mr R's existing debts and the new credit card with a limit of £300. And I'm satisfied the information Capital One obtained reasonably showed Mr R was in a position to sustainably afford repayments to a new credit card with a limit of £300. I'm sorry to disappoint Mr R but I haven't been persuaded that Capital One lent irresponsibly when it approved account ending 6342.

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 R 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 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 15 October 2025.

Marco Manente
Ombudsman