

The complaint

Mr W complains that Capital One (Europe) plc trading as Capital One irresponsibly lent to him.

Mr W is represented by a claims management company in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Mr W himself.

What happened

Mr W was approved for a Capital One credit card in November 2023 with a £1,000 credit limit. Mr W says that Capital One irresponsibly lent to him. Mr W made a complaint to Capital One.

Capital One did not uphold Mr W's complaint. They said the lending decision was fair, reasonable and affordable for him. Mr W brought his complaint to our service. Our investigator did not uphold Mr W's complaint. He said that Capital One made a fair lending decision.

Mr W asked for an ombudsman to review his complaint. In summary he said his credit file showed late payments being made within the six months prior to the checks, and a defaulted account in January 2023.

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 approve the credit available to Mr W, Capital One needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Capital One have done and whether I'm persuaded these checks were proportionate.

Capital One said they looked at information provided by Credit Reference Agencies (CRA's) and information that Mr W had provided before approving his application. The information showed that Mr W had declared a gross annual income of £34,000. The data from a CRA shows that Mr W had previously defaulted on credit agreements. The last default was showing as being registered in January 2023.

It may help to explain here that, while information like a default on someone's credit file may often mean they're not granted further credit – they don't automatically mean that a lender won't offer borrowing. So I've looked at what Capital One's other checks showed to see if they made a fair lending decision here.

The CRA reported no active payday lending at the time of the checks. A CRA reported that Mr W had outstanding active balances with third party companies of around £171. Mr W declared he had housing costs of £545. There had been an account which was in arrears six months prior to the checks, but it appears Mr W cleared the arrears five months prior to the checks.

I'm persuaded that Capital One should have completed further checks despite Mr W not appearing to be overindebted. I say this as the default only occurred earlier that calendar year. And the account which defaulted was for a credit card with an £800 credit limit, which was £200 less than the credit limit Capital One approved. So this could suggest that Mr W may not be able to afford relatively low levels of credit (compared to his declared gross annual income). But I'm mindful that Mr W's financial situation could have improved since the beginning of the year, therefore further checks would have evidenced Mr W's current financial position.

There's no set way of how Capital One should have made further proportionate checks. One of the things they could have done was to contact Mr W to ask him why he had defaulted on an account at the beginning of the year. Or they could have asked for his bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for him.

So I asked Mr W if he could provide me with his bank statements leading up to this lending decision. But Mr W did not provide his statements by the deadline I gave him, even though I extended the deadline for him.

So on the face of it, it does look like Capital One should've looked more closely into this. But as my role is impartial, that means I have to be fair to both sides and although I'm satisfied that Capital One should've done more checks here – I can't say whether further checks would've revealed further information which means they wouldn't have lent. So as Mr W hasn't provided me with the information he was asked for, that means that it wouldn't be fair for me to say that Capital One shouldn't have lent here, because I don't know what further checks would reveal.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that Capital One lent irresponsibly to Mr W or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 27 November 2025.

Gregory Sloanes
Ombudsman