

Complaint

Mr B 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

Capital One provided Mr B with a credit card with an initial limit of £200 in September 2021. Mr B wasn’t provided with any credit limit increases.

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

Mr B 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 B’s complaint.

Having carefully considered everything, I’ve not been persuaded to uphold Mr B’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 B 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 B’s application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr B would be able to make the low monthly repayments due for this credit card. On the other hand, Mr B 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 B 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 £200 could be repaid within a reasonable period of time, rather than in one go. A credit limit of £200 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 B at the time of his application and what was on the credit search carried out. Capital One says that Mr B declared he had an annual income of around £95,000.00. 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. Mr B also declared that he had living costs of around £600.

The credit search did show that Mr B had defaults recorded against him. The vast majority of these defaults were historic as they took place more than three years prior to this application. However, there was one default that had taken place within 12 months of this application.

While I appreciate that Mr B had previously defaulted on credit commitments, I don't think that these defaulted accounts in themselves meant that Mr B shouldn't have been lent to in the way that he's argued. In my view, the presence of this adverse information meant that Capital One needed to take more caution before lending to Mr B. And I think that Capital One did do this here.

I say this because the extremely low amount being initially being lent here saw Capital One mitigate the risk of lending to him. At the most, Mr B could end up owing a further £200 and given what he said he was earning at the time, it's difficult to see how this account on its own could have placed Mr B in a difficult financial position. Bearing in mind all of this, I'm satisfied that Capital One did not need to further verify what was in the information it had before agreeing to lend in this instance.

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 B's living expenses rather than relying on assumptions of this, would, in any event, have led to Capital One making a different decision.

I say this because I've not seen anything which clearly demonstrates that Mr B's monthly committed living costs were substantially higher than what Capital One believed them to be. Equally, there is nothing else that has been provided to me which shows me that had Capital One obtained this information on Mr B's 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 him.

In reaching my conclusions, I've also considered whether the lending relationship between Capital One and Mr B might have been unfair to Mr B 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 B 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 B's sentiments, I don't think that Capital One treated Mr B unfairly or unreasonably when providing Mr B with his credit card. And I'm not upholding Mr B's complaint. I appreciate this will be very disappointing for Mr B. 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 B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 October 2025.

Jeshen Narayanan
Ombudsman