

## **The complaint**

Miss R complains that Capital One (Europe) plc lent to her irresponsibly when it opened a credit card account for her and when it increased her credit limit, as they were unaffordable for her.

## **What happened**

Miss R applied for a credit card account with Capital One in July 2022. Her application was accepted and an account was opened for her with a credit limit of £1,500. Capital One offered to increase Miss R's credit limit to £2,000 in February 2024 and she accepted the increased credit limit. Capital One offered to further increase Miss R's credit limit to £3,000 in November 2024 and she also accepted that increase.

Miss R says that she raised concerns over the affordability of the account with Capital One in 2023 but was made to feel like she had no options and she complained to it about its irresponsible lending in February 2025. It said that, as a result of the affordability assessments done when the account was opened and when the credit limit was extended, and its review of Miss R's complaint, it was confident that its decisions to open the account and extend the credit limit were appropriate and affordable for her.

Miss R wasn't satisfied with its response so complained to this service. Her complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. He said that Capital One hadn't provided the affordability assessments that it says that it carried out when the account was opened and the credit limit was increased so he couldn't say that it completed proportionate checks. He said that he'd reviewed the bank statements that Miss R had provided and completed a monthly income and expenditure calculation and he thought that Capital One had made fair lending decisions. He also said that he didn't think that Capital One had acted unfairly in any other way.

Miss R didn't accept the investigator's recommendation so I've been asked to issue a decision on her complaint. She's provided her calculations of her income and expenditure for the periods before the account was opened and the credit limit increases and she's provided evidence that she says shows that she missed payments and exceeded her credit limit prior to each time that Capital One lent her money or increased her limit.

## **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.

Capital One is required to make reasonable and proportionate checks to ensure that any lending that it makes is sustainably affordable. It says that before approving a credit facility or an increase to an existing credit facility, it performs creditworthiness and affordability assessment checks which entail obtaining information from credit reference agencies or other authorised third parties, in order to understand what other debt an individual has and if they have any repayment commitments. It says that it considers information provided by the

customer on application as well as data held internally, including regarding any customer vulnerabilities it's aware of which might impact a customer's ability to make payments. It says that it doesn't request bank statements but uses data from the Office for National Statistics for estimates on a customer's non-discretionary spending.

Miss R applied to Capital One for a credit card account in July 2022 and said that she was employed with an annual income of £44,999. Capital One's application data shows that Miss R had no dependents and monthly mortgage costs of £775 and it has provided a spreadsheet showing the data that it obtained from the credit check. I consider that a credit check and using estimated expenditure data to assess the affordability of the credit card account would have been reasonable and proportionate checks. In response to the investigator's recommendation, Miss R has provided her calculations of her income and expenditure for the three month period before the account was opened and she's calculated that her average monthly income was between £2,821 and £3,064.

In response to Miss R's complaint. Capital One said that it had done another detailed review of its decision to lend and said that it showed that she should've had enough remaining income available to afford repayments for the level of credit that it offered within a reasonable period. The investigator calculated Miss R's average monthly disposable income for the three month period before she applied for the credit card account from the bank statements that she provided. He said that it was between £200 to £443. Miss R has provided her calculations of her income and expenditure for the period before the account was opened and they show that she had no disposable income.

I don't consider that reasonable and proportionate checks would have required Capital One to have obtained a detailed understanding of Miss R's financial situation before it provided her with a credit card account. I don't consider that it should have obtained bank statements from Miss R or used information from her bank statements to conduct an affordability assessment. I consider that reasonable and proportionate checks would have shown that a credit card account with a credit limit of £1,500 was sustainably affordable for Miss R from her declared income at that time. Miss R says that she was struggling financially due to a cowboy builder destroying her home leaving her with limited choices and in a vulnerable position and that she two mortgages, two credit cards and a loan, but I don't consider that reasonable and proportionate checks would have shown that Capital One shouldn't have provided credit to Miss R in July 2022.

Capital One offered to increase Miss R's credit limit from £1,500 to £2,000 in February 2024 and from £2,000 to £3,000 in November 2024. It says that before it offers any credit limit extensions to any of its customers, it does affordability assessments to make sure it's considered the customer's individual circumstances and their ability to repay the amount borrowed within a reasonable period. It has provided a spreadsheet showing the information that it obtained. It says that credit reference agency data shows that Miss R's income had increased to £54,346 in February 2024 and £57,000 in November 2024. I consider that the checks that Capital One says that it made and the evidence that it has provided show that it made reasonable and proportionate checks before offering Miss R credit limit increases.

I don't consider that reasonable and proportionate checks would have required Capital One to have obtained a detailed understanding of Miss R's financial situation before it offered to increase her credit limit. I consider that Miss R's credit card statements show that her account had been well managed and she hadn't exceeded her credit limit. Miss R accepted the credit limit increases that she was offered and I consider that reasonable and proportionate checks would have shown that the credit limit increases were sustainably affordable for Miss R at the times that they were made. I don't consider that reasonable and proportionate checks would have shown that Capital One shouldn't have offered to increase Miss R's credit limit in February and November 2024.

I've also considered whether Capital One acted unfairly or unreasonably in some other way, including whether its relationship with Miss R might have been unfair under section 140A of the Consumer Credit Act 1974. Having done so, I've not seen anything that makes me think that that was likely to have been the case.

I've carefully considered all that Miss R has said and provided, including information about her financial situation and health, and I appreciate that this was a difficult time for her, but I'm not persuaded that Capital One acted incorrectly in providing the credit card account and the credit limit increases to her or that it lent to her irresponsibly. I find that it wouldn't be fair or reasonable in these circumstances for me to require Capital One to refund any interest or charges to Miss R, to pay her any other compensation or to take any other action in response to her complaint.

### **My final decision**

My decision is that I don't uphold Miss R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 16 October 2025.

Jarrold Hastings  
**Ombudsman**