

## **The complaint**

Miss G complains that Capital One (Europe) Plc (CapitalOne) acted irresponsibly by lending to her.

## **What happened**

Around October 2021 Miss G applied for a revolving credit facility (credit card) with Capital One. Her application was successful and Capital One issued Miss G with a credit card with a credit limit of £1,250. Around May 2023 Miss G consolidated a balance of £300 from another credit card she'd with Capital One, which meant her credit limit became £1,550. The other credit card was closed as settled. Miss G said Capital One didn't sufficiently check whether she could afford to sustain the repayments, as if they had they would have seen she was heavily indebted, and struggling to maintain her credit commitments. Miss G complained to Capital One.

Capital One said their checks had been reasonable and proportionate, using Miss G's application, credit reference agency (CRA) and statistical data to assess her credit worthiness. Based on these checks Miss G should have had sufficient disposable income to sustain the repayments. They said their checks didn't show any signs of financial vulnerability at the time of the lending, so they were satisfied their lending decision was fair.

Miss G wasn't happy with Capital One's response and referred her complaint to us.

Our investigator said Capital One's checks were reasonable and proportionate for the type and amount being lent. And based on these checks Capital One's decision to lend was fair.

Miss G didn't agree saying Capital One hadn't properly checked her financial situation. She asked for an ombudsman to decide.

## **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.

I appreciate Miss G will be disappointed by my decision, but for me to say Capital One must do something different I must first be satisfied that they've done something wrong. I can't see that they have here which is why I won't be asking them to do anything else.

But before I explain why, my role is to decide what is fair and reasonable in the circumstances of this complaint. So, if I have not commented on, or referred to, something that either party has said, that does not mean I haven't considered it.

I've considered the relevant rules and guidance on responsible lending set by the regulator, laid out in the consumer credit handbook (CONC). In summary, these say that before Capital One offered the credit facility they needed to complete reasonable and proportionate checks to be satisfied Miss G would be able to repay the debt in a sustainable way.

In deciding what was proportionate Capital One needed to consider things such as (but not limited to): the amount of credit, the size of any regular payments (taking into consideration the rules and guidance in CONC relating to assumptions concerning revolving credit), the cost of credit and the consumer's circumstances.

What's important to note is that Miss G was provided with a revolving credit facility rather than a loan. Capital One was approving a credit limit of £1,250. As it was revolving credit there's no set amount that needed to be repaid each month, but CONC requires a firm to assume when carrying out their assessment that the entire credit limit is drawn down at the earliest opportunity and repaid in equal instalments over a reasonable period. So, I think Capital One could have reasonably assumed Miss G would need to be able to sustain repayments of around £62.50 each month to be able to clear the full amount owed within a reasonable period. I've considered the checks Capital One did, and what these showed.

Miss G declared she'd an income of £23,000 per annum and rent of £340 a month. Capital One cross checked this with a CRA. Their CRA check showed Miss G had a loan, a hire purchase agreement, two mail order accounts, a communications account and a credit card (also with Capital One). The loan had a remaining balance of £249. Her hire purchase agreement was repayable at £342 a month. She'd a credit limit of £1,100 and £300 on her mail order accounts which had outstanding balances of £306 and zero respectively. She'd a credit limit of £300 for her credit card of which she'd an outstanding balance of £143. The CRA check showed Miss G had gotten into financial difficulty with a utility account, but a payment plan had been in place for around 10 months. The CRA check showed Miss G was managing her credit commitments including her payment plan. From the CRA check there wasn't any evidence of county court judgment or defaults registered.

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 – it doesn't automatically mean that a lender won't offer borrowing. Here, Capital One considered the information that Miss G had on her credit file which showed her financial difficulty had been several months prior to the new lending and for which Miss G was now maintaining an agreed payment. The CRA check also showed Miss G was managing her other active credit accounts. Based on this Capital One made the decision to lend which, in the circumstances, I think was reasonable. I say this as it wouldn't be fair to prevent a consumer obtaining credit when they've taken steps to improve their credit worthiness, and evidence shows they're now managing their credit commitments.

CONC says a lender should take reasonable steps to estimate a consumer's income and non-discretionary expenditure. It says income can be validated through an independent source such as a CRA. And allows for the use of statistical data to determine non-discretionary expenditure.

So, I'm satisfied the checks Capital One did were reasonable and proportionate for the type and amount of credit they were providing. And I don't think that there was anything immediately obvious in the information that they had, including Miss G's existing credit, which meant they shouldn't rely on it. So, I don't think Capital One needed to have asked Miss G to provide further evidence in support of her income and expenditure before providing her with a credit limit in this instance.

From these checks Miss G should have had sufficient disposable income to sustain her repayments. Her monthly salaried income was around £1,608; she'd two dependents and lived in rented accommodation paying £340 a month. Miss G's credit commitments amounted to £441 a month. After factoring in the new lending of £62.50 Miss G should have had around £764 in disposable income to cover her essential spending such as food, insurance and transport costs, as well as for discretionary and unexpected costs which I consider for her circumstances was a reasonable amount. So, I'm satisfied Capital One

made a fair lending decision as I haven't seen any evidence to show Miss G wouldn't be able to sustain the monthly repayments.

I take on board Miss G's comment about her level of debt as she'd a hire purchase agreement presumably for a car of around £20,000. But I can see she was maintaining her repayments for this account. And was utilising only around 25% of her available credit for her other active credit accounts. So, I can't say based on these checks that Miss G was showing any signs of financial vulnerability or that she was struggling with her existing debt.

I can see that the credit limit did increase around May 2023 to £1,550. As mentioned above, Miss G had another credit card account with Capital One, this account was opened in May 2018 with a credit limit of £300. The credit limit wasn't increased, and this account was closed around May 2023 after the credit limit was consolidated with the credit card Miss G still has. So, there hadn't been a new lending decision made as this amount relates to a lending decision made in 2018 which Miss G hasn't complained about. And it was a case of moving existing credit rather adding new lending to Miss G's financial commitments.

So, I'm satisfied Capital One carried out reasonable and proportionate checks. And based on these checks they made a fair lending decision.

I understand that Miss G is still having an issue with online access to her account. I can see that Capital One has reversed Miss G's paperless request and is now issuing monthly statements to her which should help Miss G in understanding her credit card transactions and repayments. And I'd expect Capital One to continue to work with Miss G to resolve any remaining access issues.

Although I'm not upholding this complaint, I'd like to remind Capital One of their obligation to exercise forbearance if they intend to collect any outstanding balance remaining on the account and it's the case Miss G is experiencing financial difficulty.

I've also considered whether Capital One acted unfairly or unreasonably in some other way given what Miss G has complained about, including whether their relationship with her might have been viewed as unfair by a court under Section 140A Consumer Credit Act 1974. But, for the reasons I've already given, I don't think Capital One lent irresponsibly to Miss G or otherwise treated her unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

**My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 3 December 2025.

Anne Scarr  
**Ombudsman**