

Complaint

Mr M has complained about credit cards Capital One (Europe) plc (“Capital One”) provided to him. He says that the credit cards and the subsequent limit increases shouldn’t have been provided as they were unaffordable for him and this caused ongoing financial difficulty.

Background

This complaint is about four separate credit cards that Capital One provided Mr M with in October 2018, November 2023, May 2024 and August 2024. All of the credit cards were provided with credit limits of £200 which were never increased.

In May 2025, Mr M complained saying that he shouldn’t have been provided with any of these credit cards as all of them were unaffordable and caused him continued financial difficulty. Capital One did not uphold Mr M’s complaint. It was satisfied that the complaint to provide the first credit card was made too late and it didn’t think that it had done anything wrong when agreeing to provide the other three cards.

When responding to our request for its file on Mr M’s complaint, Capital One reiterated that it believed Mr M had complained about the decision to provide the first credit card too late. One of our investigators reviewed what Mr M and Capital One had told us. And he thought Capital One hadn’t done anything wrong or treated Mr M unfairly in relation to providing these credit cards. So he didn’t recommend that Mr M’s complaint be upheld.

Mr M 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.

Basis for my consideration of this complaint

There are time limits for referring a complaint to the Financial Ombudsman Service. Capital One has argued that Mr M’s complaint about the decision to provide the first credit card was made too late because he complained more than six years after it agreed to provide it to him; as well as more than three years after he ought reasonably to have been aware of his cause to make this complaint.

Our investigator explained why it was reasonable to interpret Mr M’s complaint as being one alleging that the relationship between him and Capital One was unfair to him as described in s140A of the Consumer Credit Act 1974 (“CCA”). He also explained why this complaint about an allegedly unfair lending relationship had been made in time.

Having carefully considered everything, I’ve decided not to uphold Mr M’s complaint. Given the reasons for this, I’m satisfied that whether Mr M’s complaint about the specific lending decisions was made in time or not has no impact on that outcome.

I'm also in agreement with the investigator that Mr M's complaint should be considered more broadly than just the lending decisions. I consider this to be the case as Mr M has not only complained not about the respective decisions to lend but has also alleged that this unfairly impacted on him going forward.

I'm therefore satisfied that Mr M's complaint can therefore reasonably be interpreted as a complaint about the fairness of his relationship with Capital One. I acknowledge that Capital One may not agree that we can look at Mr M's complaint about his first card, but given the outcome I have reached, I do not consider it necessary for me to make any further comment, or reach any findings on these matters.

In deciding what is fair and reasonable in all the circumstances of Mr M's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Mr M's complaint can be reasonably interpreted as being about the fairness of the lending relationship between him and Capital One, relevant law in this case includes s140A, s140B and s140C of the CCA.

S140A says that a court may make an order under s140B if it determines that the relationship between the creditor (Capital One) and the debtor (Mr M), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship. S140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given Mr M's complaint, I therefore need to think about whether Capital One's decisions to initially lend to Mr M, increase his credit limit on the occasions it did, or its later actions resulted in the lending relationship between Mr M and Capital One being unfair to Mr M, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr M's relationship with Capital One is therefore likely to be unfair if it didn't carry out reasonable and proportionate checks into Mr M's ability to make his repayments in circumstances where doing so would have revealed the credit card or the limit increases to be unaffordable, or that it was irresponsible to lend. And if this was the case, Capital One then didn't somehow then remove the unfairness this created.

I've considered Mr M's complaint in this context.

Our typical approach to complaints about irresponsible and unaffordable lending

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 M's complaint.

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 M 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.

Application to Mr M's complaint – Did Capital One act fairly and reasonably towards Mr M when agreeing to provide him with his first credit card?

Capital One says it agreed to Mr M's first application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr M would be able to make the low monthly repayments due for this credit card. On the other hand, Mr M says that he was already struggling to manage 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 M 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 M at the time of his application and what was on the credit search carried out. Capital One says that Mr M declared he was full time employed with earnings of just under £20,000.00 a year. 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.

The credit search showed that Mr M did have some adverse information recorded against him. However, while I appreciate that Mr M had previously defaulted on credit commitments, these were historic. And I don't think that these defaulted accounts in themselves meant that Mr M shouldn't have been lent to. Furthermore, the amount Mr M owed at that time was relatively well managed and wasn't excessive when considering the amount of his validated income.

I accept that Mr M's actual circumstances may not have been reflected either in the information he provided, or the other information Capital One obtained. I'm also sorry to hear that Mr M went on to have to declare bankruptcy. However, Capital One didn't know that this would happen and given the circumstances here, I don't think that it could be expected to have anticipated this either. I also think that it was entitled to rely on the information that it had at the time of the application.

Having considered all of this, I'm satisfied that the information Capital One had did indicate that Mr M could make the low monthly repayments required to clear a balance of £200 within a reasonable period of time. As this is the case, I'm satisfied that it was not unfair for Capital One to offer Mr M this first credit card, with a limit of £200, and therefore there was no unfairness created at this stage.

The second, third and fourth credit cards

As I've explained in the background section of this decision, Capital One provided Mr M with further credit cards in November 2023, May 2024 and August 2024. All of these credit cards had a credit limit of £200. Bearing in mind the fact that Mr M had access to these cards at the same time, I've treated matters as if he was given access to £200, £400 and then £600.

Capital One has been able to provide the details of what it saw on the credit checks it carried out at the time of Mr M's applications. Capital One's credit checks showed that Mr M did have defaulted accounts recorded against him. It will also have known that Mr M had previously declared bankruptcy in 2019 as well.

Nonetheless, a bankruptcy is supposed to provide a customer with the opportunity of a fresh start. And as the bankruptcy took place in September 2019, which was more than four years prior to these applications, I don't think that Mr M's bankruptcy meant that he shouldn't have been lent to. This is especially as the amount Mr M's active credit was low.

I've also seen the information Capital One obtained from Mr M at the time of these applications. Capital One says that Mr M declared he was full time employed as a manager with earnings of around £26,000.00 a year. 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.

Bearing in mind all of this and the fact that the information suggested that Mr M could repay £200 within a reasonable period of time, I don't think that it was unreasonable for Capital One to have provided him with his second credit card.

That said, given Mr M's previous difficulties repaying credit there is an argument that Capital One ought to have done more before providing him with his third and fourth credit cards. I say this while noting that the credit limits provided on these additional cards were extremely low. In any event, I'm not persuaded that Capital One doing more as part of the Mr M's third and fourth applications is more likely than not to have seen it making different decisions on lending to Mr M here.

I say this because at the absolute most, it could be argued that Capital One ought to have had a reasonable understanding about Mr M's regular living expenses in order to supplement what it already had about his income and existing credit commitments. But I don't think that obtaining this information would have shown the loan repayments were unaffordable for Mr M.

In considering this matter, I accept that Mr M's actual circumstances at the time were worse than what finding out about his living costs is likely to have shown. Indeed, having looked at the bank statements Mr M has provided it's clear that his issues stemmed from matters that did not relate to his living expenses or other committed expenditure. I also accept that if Capital One had known about this as Mr M appears to be saying it should have, it is possible, but by no means certain, that it may have reached a different decision on lending to him.

But the truth is, given the total amount that Mr M could be left owing, I don't think that reasonable and proportionate checks would have extended into obtaining bank statements here. As I've explained at the absolute best, Capital One needed to find out more about Mr M's actual committed expenditure before providing him with the third and fourth credit card and requesting copies of bank statements wasn't the only way for it do this. It could

have asked Mr M about this and this probably would have been enough bearing in mind the circumstances.

Crucially, I'm satisfied that Capital One taking further steps to find out more about Mr M's living expenses won't have led it to determine that the repayments he could have to make after being provided with his third and fourth credit cards were unaffordable for him. With this in mind, I don't think that Capital One acted unfairly when it accepted Mr M's applications for these credit cards either.

Overall, and based on the available evidence I don't find that Mr M's relationship with Capital One was unfair. I've not been persuaded that Capital One created unfairness in its relationship with Mr M by irresponsibly lending to him as a result of providing him with his four credit cards. I don't find Capital One treated Mr M unfairly in any other way either based on what I've seen.

So while I can understand Mr M's sentiments and appreciate why he is unhappy, I'm nonetheless not upholding this complaint. I appreciate this will be very disappointing for Mr M. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

During the course of Mr M's complaint being with us, he's said that Capital One unfairly sent him correspondence during a period where he'd been provided with breathing space. However, as these are matters that did not form part of Mr M's initial complaint and I'm only permitted to look into a complaint after a respondent firm has had the opportunity to consider things first, Mr M will need to contact Capital One about this matter in the first instance.

Mr M may be able to complain to us – subject to any jurisdiction concerns – should he be unhappy with Capital One's response in relation to this matter or it exercising forbearance on the outstanding balance on his accounts.

My final decision

For the reasons I've explained, I'm not upholding Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 November 2025.

Jeshen Narayanan
Ombudsman