

The complaint

Miss A complains that Capital One (Europe) plc irresponsibly lent to her.

What happened

Miss A was approved for a Capital One credit card in July 2021 (which I will refer to as A in this decision), with a £200 credit limit. The credit limit on A was increased to £450 in November 2022. Miss A was approved for another Capital One credit card in January 2022 (which I will refer to as B in this decision), with a £400 credit limit. Miss A says that these limits were irresponsibly lent to her. Miss A made a complaint to Capital One.

Capital One partially upheld Miss A's complaint. They said they shouldn't have given her a credit limit increase on A in November 2022. Miss A brought her complaint to our service. Our investigator did not uphold Miss A's complaint. He said Capital One's checks were proportionate, and they made fair lending decisions for the account opening checks for A and B.

Miss A asked for an ombudsman to review her complaint. She said Capital One didn't complete further checks regarding the salary she declared. She said she could have been lying on the application, and they didn't check it.

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 or increase the credit available to Miss A, Capital One needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. 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.

Acceptance for A

As Capital One has upheld the credit limit increase to A, then I'm not minded to interfere with this, and I've just looked at the initial lending decision on A. I've looked at what checks Capital One said they did when initially approving Miss A's credit card. I'll address the subsequent lending decision later on. Capital One said they looked at information provided by Credit Reference Agencies (CRA's) and information that Miss A had provided before approving her application.

The information showed that Miss A had declared a gross annual income of £27,565. I've considered what Miss A has said about Capital One not verifying her income and she could have been lying on the application. I take this to be a point Miss A is trying to make regarding why Capital One should have completed further checks to verify the income figure

she declared, as opposed to her saying that she lied, as Capital One could interpret this as fraud and register this on her credit file. And I want to stress to Capital One that Miss A has not told us an alternative figure she earned at the time, therefore I'm persuaded that she did give the correct figure here, but she wanted to make a point generally speaking.

I also want to make Miss A aware that Capital One aren't required to ask for payslips or bank statements as part of every lending decision, as they are not required to and this would not be proportionate for them to do so for every lending decision. There are other ways in which a lender can verify income without asking for payslips/bank statements, such as getting information from the CRA's about Current Account Turnover (CATO) etc, albeit they haven't told us that they've used CATO or another method here.

The data from a CRA shows that Miss A previously defaulted on credit agreements, with the last default showing in 2018. 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.

Miss A had active accounts showing from the CRA's, but there were no active unsecured balances showing. The data showed Miss A didn't have any active accounts in arrears at the time of the checks, and she didn't have any active accounts in arrears for the 12 months prior to the checks. The credit limit would have equated to less than 1% of her declared gross salary.

So I'm persuaded that Capital One's checks were proportionate here, and they made a fair lending decision.

Acceptance for B

Capital One said they looked at information provided by CRA's and information that Miss A had provided before approving her application. The information showed that Miss A had declared a gross annual income of £27,565.

Again, I'd like to make Miss A aware that Capital One aren't required to ask for payslips or bank statements as part of every lending decision, as they are not required to and this would not be proportionate for them to do so for every lending decision.

The data from a CRA shows that Miss A previously defaulted on credit agreements, with the last default showing in 2018, but there were no new defaults being registered since A had been opened.

Miss A had active accounts showing from the CRA's, and the active balances were showing as £552, which was around 2% of Miss A's declared gross annual income, so it wouldn't appear as if she was overindebted. Capital One would also have been able to see how Miss A managed A since it had been opened.

I can see Miss A had been late with a payment, but she did make the payment shortly thereafter, so it would appear as if this was an oversight. There was another occasion where Miss A paid a lot higher repayment than the minimum requested repayment. So I'm not persuaded that it would have been proportionate for Capital One to have requested any further information from Miss A here.

So I'm persuaded that Capital One's checks were proportionate here, and they made a fair lending decision.

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 don't think Capital One lent irresponsibly to Miss A or otherwise treated her 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. So it follows that I won't be asking Capital One to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 12 December 2025.

Gregory Sloanes
Ombudsman