

The complaint

Mr G complains that Capital One (Europe) plc irresponsibly lent to him, and he has been charged interest unfairly on his account.

What happened

Mr G's credit limit on his Capital One credit card was increased from £200 to £450 in December 2019. Mr G says this was irresponsible. Mr G says that he's so far paid over £3,000 in interest on the account which is unfair and it's causing him financial difficulties. Mr G made a complaint to Capital One, who did not uphold his complaint. They said the interest they charged was set out in the credit agreement and prior to the credit limit increase he made his repayments on time. Mr G brought his complaint to our service.

Our investigator did not uphold Mr G's complaint. He said the credit limit increase appeared affordable to Mr G and he often repaid more than his minimum payment that was requested. Mr G asked for an ombudsman to review his complaint. He said his credit file in 2019 showed many things such as a County Court Judgement (CCJ), missed payments and defaults.

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'd like to let Mr G know that this complaint relates solely to his Capital One account. I'm aware that Mr G has another credit card in Capital One's wider group that he's complained about. So I will ask our investigator to liaise with Mr G regarding this separate complaint so this can be investigated.

Before agreeing to increase the credit available to Mr G, Capital One needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. 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.

Capital One used data that Mr G had given them and information from Credit Reference Agencies (CRA's). A CRA that Capital One used reported that Mr G had previously defaulted on at least one account, and he had a public record such as a CCJ showing on his credit file which was registered 21 months prior to the credit limit increase checks.

It may help to explain here that, while information like a default or a CCJ 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.

Mr G had not defaulted on a credit agreement in the 12 months prior to the credit limit increase. In addition to this, Mr G had no accounts in arrears at the time of the checks for the credit limit increase, and he had not had any accounts in arrears in the six months leading up to this credit limit increase. The CRA reported no active payday lending at the time of the checks.

A CRA reported that Mr G had outstanding active balances with third party companies of around £5,600. So it did not appear that Mr G was overindebted at the time of the checks. Capital One would also have been able to see how Mr G managed his Capital One account leading up to the credit limit increase.

I've viewed the data for the 12 months leading up to the credit limit increase. Mr G incurs no late payment fees or overlimit fees. Mr G often pays more than his minimum requested payment, and in one month he made repayments totalling £60, and the following month he made repayments totalling £20. So I can't agree that Mr G only ever made minimum repayments to his account.

So I'm persuaded that Capital One's checks were proportionate here, and they made a fair lending decision to increase the credit limit to £450.

I've considered what Mr G has said about the interest he has been charged. I can see that the interest rate was set out in the credit agreement he signed originally. So I can't fairly say that Capital One were unfair to charge him the interest rate that they both agreed to. As Mr G kept spending on the account, then this is why his interest he's paid over the years may be a multiple of his credit limit, as he hasn't borrowed just £450 then repaid this amount.

In addition to this, Mr G would have been aware of the interest rate throughout the relationship with Capital One as it would have been displayed on each credit card statement. So I can't say that Capital One have acted outside of the agreed credit agreement by charging him interest at the agreed interest rate – even if Mr G had been paying only the minimum repayment.

But if Mr G is unable to afford repayments to the account currently, he should contact Capital One to see how they can assist him. This may include freezing interest for a set period of time. But he would need to speak to Capital One to see how they can assist him based on his current circumstances. They should also explain to him how any assistance may affect his credit file if he accepts any assistance that they offer him.

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 Mr G or otherwise treated him 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 Mr G to accept or reject my decision before 13 November 2025.

Gregory Sloanes
Ombudsman