

## **The complaint**

Mr B complains that Capital One (Europe) plc irresponsibly lent to him.

## **What happened**

Mr B was approved for a Capital One credit card in February 2021 with a £750 credit limit. Mr B says that Capital One irresponsibly lent to him. Mr B made a complaint to Capital One.

Capital One did not uphold Mr B's complaint. They said the lending decision was fair, reasonable and affordable for him. Mr B brought his complaint to our service. Our investigator did not uphold Mr B's complaint. She said that Capital One made a fair lending decision.

Mr B asked for an ombudsman to review his complaint. In summary he said Capital One should have made further checks, and he had excessive gambling transactions across a number of accounts. He named software which Capital One could have used to help identify issues. He queried the figures Capital One used in their affordability assessment.

## **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 explain to Mr B that it is not within this service's remit to tell a business what software they should use as part of their lending checks as this would be a commercial decision for Capital One to make. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Capital One to make changes to their policies and procedures if necessary.

Before agreeing to approve the credit available to Mr B, 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 said they looked at information provided by Credit Reference Agencies (CRA's) and information that Mr B had provided before approving his application. The information showed that Mr B had declared a gross annual income of £22,000. The data from a CRA shows that Mr B had previously defaulted on credit agreements. The last default was showing as being registered in May 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.

The CRA reported no active payday lending at the time of the checks. A CRA reported that Mr B had outstanding active balances with third party companies of around £19,012. Mr B declared he had rent costs of £290. There had been an account which was in arrears for four months at the time of the checks for the previous 12 months. It may be that Mr B had returned to the contractual payments as the arrears weren't increasing, but they weren't decreasing either. So I'm persuaded that Capital One should have completed further checks to ensure he could afford sustainable repayments for a £750 credit limit.

There's no set way of how Capital One should have made further proportionate checks. One of the things they could have done was to contact Mr B to ask him why he was in arrears on external accounts for a number of months. Or they could have asked for his bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for him.

So I asked Mr B if he could provide me with his bank statements leading up to this lending decision. But Mr B did not provide his statements by the deadline I gave him, even though I extended the deadline for him.

So on the face of it, it does look like Capital One should've looked more closely into this. But as my role is impartial, that means I have to be fair to both sides and although I'm satisfied that Capital One should've done more checks here – I can't say whether further checks would've revealed further information which means they wouldn't have lent. So as Mr B hasn't provided me with the information he was asked for, that means that it wouldn't be fair for me to say that Capital One shouldn't have lent here, because I don't know what further checks would reveal.

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 can't conclude that Capital One lent irresponsibly to Mr B 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.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 11 December 2025.

Gregory Sloanes  
**Ombudsman**