

## Complaint

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

## Background

In June 2016, Capital One provided Mr W with a credit card which had a credit limit of £200. Capital One offered Mr W a credit limit increase to £450 in February 2017.

In June 2025, Mr W complained saying that he shouldn’t have been provided with this credit card or the limit increase as they were unaffordable and caused him continued financial difficulty. Capital One did not uphold Mr W’s complaint. It thought that Mr W had complained too late. Mr W remained dissatisfied and referred his complaint to our service.

When responding to our request for its file on Mr W’s complaint, Capital One reiterated that it believed Mr W had complained too late. One of our investigators reviewed what Mr W and Capital One had told us. And she thought Capital One hadn’t done anything wrong or treated Mr W unfairly in relation to providing this credit card or limit increase. So she didn’t recommend that Mr W’s complaint be upheld.

Mr W 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 W’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 W’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 W’s complaint. Given the reasons for this, I’m satisfied that whether Mr W’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 W's complaint should be considered more broadly than just the lending decisions. I consider this to be the case as Mr W 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 W'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 W'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 W's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Mr W'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 W), 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 W's complaint, I therefore need to think about whether Capital One's decisions to initially lend to Mr W, increase his credit limit on the occasions it did, or its later actions resulted in the lending relationship between Mr W and Capital One being unfair to Mr W, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr W's relationship with Capital One is therefore likely to be unfair if it didn't carry out reasonable and proportionate checks into Mr W'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 W'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 W'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 W 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 W's complaint – Did Capital One act fairly and reasonably towards Mr W when initially agreeing to provide him with a credit card?*

Capital One says it agreed to Mr W's first application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr W would be able to make the monthly repayments due for this credit card. On the other hand, Mr W 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 W 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. 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 W at the time of his application and what was on the credit search carried out. Capital One says that Mr W declared he was employed with earnings of around £18,000.00 a year. Mr W has said that was a contractor at this time, rather than in permanent employment.

While I thought about what Mr W has said, I don't think that Capital One was aware of this. In any event and most importantly, there wasn't a prohibition on a lender lending to a borrower that isn't in full time employment. So I don't think that it was unreasonable for Capital One to proceed on the basis of Mr W's income bearing in mind his declaration and the fact that there wasn't any sort of adverse information on the credit search to indicate that Mr W's income declaration was implausible.

The credit search showed that the low amount Mr W owed at that time was relatively well managed and wasn't excessive. Furthermore, Capital One's credit search didn't show that Mr W had used a significant amount of payday lending, or other forms of unsustainable lending either.

Having considered all of this, I'm satisfied that the information Capital One had did indicate that Mr W 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 W a credit card, with a limit of £200, and therefore there was no unfairness created at this stage.

*Did Capital One carry out reasonable and proportionate checks before deciding to offer the credit limit increase to Mr W?*

As I've explained in the background section of this decision, Capital One went on to offer Mr W a credit limit increase in February 2017. As a result, it increased Mr W's credit limit to £450 in February 2017.

Capital One's credit check indicates that it wasn't aware of Mr W having any defaulted accounts or CCJs recorded against him at the time of this limit increase either. Mr W has said that he was overleveraged on multiple credit cards, loans and finance agreements. However, Capital One's credit check showed that Mr W's existing credit balances elsewhere remained low.

I'm also mindful that the regulatory rules permitted Capital One to place weight on its previous dealing with Mr W and therefore his repayment record on the existing credit advanced as part of its checks. I think that this is important because Mr W was making payments that were well in excess of the minimum payment due. Indeed, three of the six payments Mr W made in the period between being provided with the card and the limit increase were in excess of £150.

These large payments meant that Mr W had completely cleared his balance on at least one occasion prior to the limit increase being offered and he was regularly making payments well in excess of what was needed to clear what could be owed on a balance of £450 within a reasonable period of time, in the lead up to this limit increase being granted. In these circumstances, Mr W's repayment record does suggest that Capital One was reasonably entitled to believe that Mr W could afford the limit increase.

Furthermore, I think that Mr W's repayment record coupled with the fact that what Capital One saw suggested that what he owed elsewhere wasn't increasing unsustainably, meant that there was no reason for it to concern itself over Mr W's employment either. In these circumstances, I'm not persuaded that it was unfair or unreasonable for Capital One to have offered the limit increase, to £450 in February 2017.

Furthermore, this isn't a case where I can reasonably say that the limit increase and Mr W's account usage ought reasonably to have shown Capital One that Mr W's indebtedness, on his credit card, was rapidly increasing in an uncontrollable way, or that the pattern of lending here ought reasonably to have led Capital One to conclude that the facility had become demonstrably unsustainable for Mr W either.

For the sake of completeness, I've noted that Mr W has said that his bank statements weren't reviewed as part of his complaint. However, there isn't a requirement for a lender to obtain bank statements before lending to a borrower. It is up to a lender to decide on the checks that it wishes to carry out.

In this case, Capital One was providing Mr W with access to a maximum of £450 and the credit checks carried out showed Mr W hadn't had any previous difficulties with credit. In these circumstances, I don't think that obtaining bank statements would have been proportionate. And Capital One was entitled to rely on what it had, which for the reasons I've already explained, indicated that the credit card and limit increase were affordable for Mr W.

So overall and having carefully considered everything and while I appreciate that this will disappoint Mr W, I've not been persuaded that proportionate checks would have shown Capital One that it shouldn't have provided Mr W with his limit increase. As this is the case, I've not been persuaded that Capital One's decision to offer the credit limit increase was unfair, or that it resulted in unfairness going forward either.

Overall, and based on the available evidence I don't find that Mr W's relationship with Capital One was unfair. I've not been persuaded that Capital One created unfairness in its

relationship with Mr W by irresponsibly lending to him as a result of initially providing him with a credit card or a limit increase. I don't find Capital One treated Mr W unfairly in any other way either based on what I've seen.

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

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 3 February 2026.

Jeshen Narayanan  
**Ombudsman**