

Complaint

Mr R has complained about a credit card Capital One (Europe) plc (“Capital One”) provided to him. He says the credit card was irresponsibly provided to him as it was unaffordable.

Background

Capital One provided Mr R with a credit card with an initial limit of £400 in January 2019. Mr R wasn’t provided with any credit limit increases.

One of our investigators reviewed what Mr R and Capital One had told us. And he thought Capital One hadn’t done anything wrong or treated Mr R unfairly in relation to providing the credit card or in allowing Mr R to continue using it. So he didn’t recommend that Mr R’s complaint be upheld.

Mr R 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.

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 R’s complaint.

Having carefully considered everything, I’ve not been persuaded to uphold Mr R’s complaint. I’ll explain why in a little more detail.

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 R 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.

Capital One says it agreed to Mr R’s application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr R would be able to make the low monthly repayments due for this credit card. On the other hand, Mr R says that he was already struggling 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 R 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 £400 could be repaid within a reasonable period of time, rather than in one go. A credit limit of £400 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 R at the time of his application and what was on the credit search carried out. Capital One says that Mr R declared he was full time employed with earnings of around £17,500.00 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 R didn't have any significant adverse information – such as defaulted accounts or County Court Judgments – recorded against him either. Although it is fair to say that Mr R had an account that was slightly over its credit limit and a couple of other late payments. However, I don't think this relatively minor adverse information means that Mr R shouldn't have been lent to in the way that he suggests.

Ultimately, it was up to Capital One to decide whether it wished to accept the credit risk of taking on Mr R as a customer provided it was reasonably entitled to believe that the credit was affordable and it reasonably mitigated the risk of harm to him going forward. Arguably Capital One did mitigate this risk by providing Mr R with a low credit limit to begin with, although I do accept that there is also an argument that Capital One ought to have found out a little more about Mr R before agreeing to lend to him.

That said, even if further checks were necessary here, at the absolute most any such checks would only have gone as far as asking Mr R about his regular living costs, rather than relying on estimates. And I've not anything to indicate that further information on Mr R's actual living costs would have seen Capital One make a different lending decision in this instance as his committed expenditure doesn't appear to make the repayments unaffordable.

I note that Mr R has now carried out analysis of his expenditure and in his view he didn't have enough left over to make the payments to this credit card. The first thing for me to say is that Mr R's analysis has been carried out with the use of bank statements and this includes information – such as Mr R borrowing from family members. However, there was no requirement and there still is no requirement to obtain bank statements from a customer – particularly where the amount being advanced was low like it was here.

So while I'm sorry to hear about what Mr R has told us, I can only determine this complaint by reference to what Capital One could reasonably be expected to know. With this in mind, Capital One's checks didn't appear to indicate that Mr R might have been struggling and most importantly they did not suggest that £400 was too large an amount for him to repay within a reasonable period of time. I'm not persuaded that Capital One finding out more about Mr R's contractual and committed expenditure would have led to it reaching a different decision on lending either.

Mr R has also said that it was unfair for Capital One to have added interest, fees and charges on his account when he missed payments or went over his limit. However, these were charges that Capital One was entitled to charge as part of its agreement with Mr R. Furthermore, the credit had already been granted by the time these charges were levied. So I don't think that this means that Mr R shouldn't have been lent to, or that the provisions he's referred to means that Capital One wasn't entitled to levy the fees that it did.

I know that Mr R has queried how it is possible for us not to uphold this complaint when he's seen other examples of complaints having been upheld on our published database of final decisions. I can to some extent understand why Mr R might find it strange that he has a different outcome on his complaint from others, on our database of published final decisions, which he perceives to be materially the same as his own.

But it's important for me to explain that we consider complaints on an individual basis and looking at the individual circumstances. And what will constitute a proportionate check will very much depend on the particular circumstances of the individual application. A proportionate check, even for the same customer, could look different for different applications.

Furthermore, what a lender would learn about a prospective borrower had proportionate checks been carried out would also be determined by what the lender can reasonably be expected to have found out about the borrower in the first place. So caution should be exercised when comparing cases.

It may also explain that I am not bound by the outcomes reached by ombudsmen on other unrelated cases. Ultimately, I'm required to consider the facts of a case and reach my own conclusion. So the outcome on the cases Mr R has referred to cannot and do not bind me into reaching the same conclusion on this case. That said, consistency is important and with a view to providing some clarity and reassurance to Mr R, it might help for me to explain that there are some key differences between this complaint and the ones Mr R has referred to.

Firstly, having looked at the other cases, it's clear that the lenders provided the respective borrowers with higher amounts of credit. This not only impacted on what it would have been proportionate for the lender to have checked at the time of the applications in the other cases, but also what it would have found out about the borrowers' ability to make their payments. Indeed, one of the decisions Mr R has referred to is in relation to a mortgage and mortgages are subject to a completely different regulatory regime.

In this case, bearing in mind Capital One allowed Mr R with access to £400, I'm satisfied that proportionate checks are unlikely to have shown that Mr R shouldn't have been lent to. Therefore, while I'm not required to replicate the outcomes reached by other ombudsmen, nonetheless I don't consider that my decision is incompatible or inconsistent with the decisions on the other cases Mr R has referred to, notwithstanding the differing outcomes.

In reaching my conclusions, I've also considered whether the lending relationship between Capital One and Mr R might have been unfair to Mr R under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Capital One irresponsibly lent to Mr R or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall while I can understand Mr R's sentiments, I don't think that Capital One treated Mr R unfairly or unreasonably when providing Mr R with him his credit card. And I'm not upholding Mr R's complaint. I appreciate this will be very disappointing for Mr R. 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 R's complaint.

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

Jeshen Narayanan
Ombudsman