

The complaint

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

What happened

Mr O was approved for a Capital One credit card in January 2020, (which I will refer to as A in this decision). The initial credit limit on A was £200, and the credit limit on A was increased to £1,200 in August 2023. Mr O was approved for another Capital One credit card in August 2021, (which I will refer to as B in this decision). The credit limit approved was for £200. Mr O says Capital One irresponsibly lent to him. Mr O made a complaint to Capital One.

Capital One did not uphold Mr O's complaint. They said that based on their reviews Mr O should've had enough disposable income to be able to meet the repayments for the credit limits given. Mr O brought his complaint to our service.

Our investigator did not uphold Mr O's complaint. She said that Capital One's checks were proportionate, and they made fair lending decisions. Mr O asked for an ombudsman to review his complaint. He commented on the amount of debt he now has, and he's defaulted on a Capital One account. Mr O said he had extreme gambling patterns which were showing on his bank account, and he was vulnerable. Mr O said that other companies had upheld his irresponsible lending complaints.

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.

Firstly, I'm aware that I've only summarised Mr O's complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I've considered what Mr O has said about different companies upholding his irresponsible lending complaints. But our service looks at each individual complaint on its own merits. So I'll be looking to see whether Capital One made fair lending decisions here.

Before agreeing to approve the credit available to Mr O, 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.

Acceptance for A

Capital One used data that Mr O had given them and information from Credit Reference Agencies (CRA's). A CRA that Capital One used reported that Mr O had previously defaulted on more than one account,

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.

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

A CRA reported that Mr O had no active outstanding balances with third party companies. Mr O declared a gross annual income of £50,000. But Capital One didn't just take Mr O's word for this, they completed a further check with a CRA, who could only validate Mr O's income to be £21,246.

Capital One also completed an affordability assessment using information from Mr O, and modelling (which is an industry standard way of estimating outgoings). Even using the lower income that the CRA reported, Mr O was showing as having enough disposable income to be able to make sustainable and affordable repayments for a £200 credit limit.

So in the absence of any recent adverse information on his credit file, the £200 credit limit being 0.4% of his declared gross annual income (0.9% of the CRA validated income), and the results of the affordability assessment, I'm not persuaded that it would have been proportionate for Capital One to have made further checks here such as requesting Mr O's bank statements. So if Mr O's bank statements prior to this credit limit did show patterns of extreme gambling activity, I can't fairly say that Capital One would have been aware of this.

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

Acceptance for B

Again, Capital One used data that Mr O had given them and information from CRA's. The CRA reported no new defaults since between A being opened and B being opened. Mr O had no active accounts in arrears at the time of the checks prior to B being open, and he had not had any active accounts in arrears in the 12 months leading up to B being open. The CRA reported no active payday lending at the time of the checks.

A CRA reported that Mr O had active unsecured debt of around £6,944 at the time of the checks. Mr O declared a gross annual income of £54,000. But Capital One didn't just take Mr O's word for this, they completed a further check with a CRA, who were able to validate this income. So Mr O's active debt to declared gross annual ratio was around 12.9% at the time of the checks.

Capital One also completed an affordability assessment using information from Mr O, modelling, and a CRA regarding Mr O's monthly credit commitments. Despite the increase to Mr O's active unsecured debt, Mr O was showing as having enough disposable income to be able to make sustainable and affordable repayments for a £200 credit limit.

But Capital One would have also been able to see how Mr O managed A since it had been

opened. Although at times Mr O incurred cash transaction fees, which could be a sign of financial difficulty, as it is typically an expensive way to borrow, I need to be mindful that this is a legitimate feature of the account.

Mr O made repayments which were often a lot higher than his minimum requested repayment, sometimes making three figure repayments. So I wouldn't expect Mr O to be able to make three figure repayments if he was financially struggling, and at times he had a zero outstanding balance. I couldn't locate any late fees or overlimit fees since the account had been opened.

So in the absence of any recent adverse information on his credit file, the £200 credit limit being around 0.4% of his declared gross annual income, the results of the affordability assessment, and how he had managed A since opening, I'm not persuaded that it would have been proportionate for Capital One to have made further checks here such as requesting Mr O's bank statements. So if Mr O's bank statements prior to this credit limit did show patterns of extreme gambling activity, I can't fairly say that Capital One would have been aware of this.

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

August 2023 credit limit increase on A - £200 to £1,200

The data from the CRA that Capital One used for this lending decision does show that Mr O had a County Court Judgement (CCJ) 48 months prior to this lending decision. Although I would have expected this to show on the previous lending checks considering the CCJ predated both lending decisions, the CRA for those lending decisions did not show a CCJ. So I can't hold Capital One responsible for any incomplete information that a CRA may have provided to them.

It may help to explain here that, while information like 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.

Capital One used CRA data to validate Mr O's income. The CRA reported that Mr O had existing active card debt of £8,300 prior to this lending decision. They again completed an affordability assessment which showed Mr O would have a sufficient residual net monthly income to be able to make sustainable and affordable repayments even though the credit limit increase was £1,000 here.

Capital One would have also been able to see how Mr O managed A and B since they had been opened. There were three occasions across both A and B where I found where Mr O exceeded his credit limit (likely due to him not leaving enough available credit for the interest charges), but it appears that these were oversights as Mr O shortly returned to his credit limit and he had fully repaid the balance on both A and B prior to this credit limit increase, which I wouldn't expect him to do if he was struggling financially leading up to this credit limit increase.

Again, at times Mr O incurred cash transaction fees, which could be a sign of financial difficulty, as it is typically an expensive way to borrow, but I need to be mindful that this is a legitimate feature of the account.

Mr O also again made repayments which were often a lot higher than his minimum requested repayment, sometimes making three figure repayments. So I wouldn't expect Mr

O to be able to make three figure repayments if he was financially struggling, and at times he had a zero outstanding balance. I couldn't locate any late fees or overlimit fees since the accounts had been opened (while Mr O exceeded his credit limit he was not charged for doing so).

So with the £1,200 credit limit being a low proportion of his gross annual income, the results of the affordability assessment, and how he had managed A and B since opening, I'm not persuaded that it would have been proportionate for Capital One to have made further checks here such as requesting Mr O's bank statements. So if Mr O's bank statements prior to this credit limit did show patterns of extreme gambling activity, I can't fairly say that Capital One would have been aware of this.

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

I'm sorry to hear of the financial situation Mr O is currently in. But I can't fairly say that this would have been foreseeable to Capital One prior to each of their lending decisions. I can see that Mr O started to make late payments on A well over a year after the last lending decision, so again, I can't fairly say this would've been foreseeable to Mr O. If Mr O is currently struggling to make repayments to his lenders, then I would suggest he informs his lenders of this, to see what assistance they can provide Mr O.

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 O 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 O to accept or reject my decision before 24 February 2026.

Gregory Sloanes
Ombudsman