

The complaint

Miss R has complained that Capital One (Europe) plc were irresponsible in opening a credit card account and subsequently increasing the credit limit.

What happened

Capital One provided Miss R with a credit card in February 2021 with a credit limit of £750. This limit was increased twice, with the highest limit reaching £2,750 in October 2023.

| Credit Limit Increase (CLI) | New Limit | Effective date |
|------------------------------------|------------------|-----------------------|
| CLI one | £1,750 | June 2022 |
| CLI two | £2,750 | October 2023 |

Miss R says the lending decisions were irresponsible. She says the checks carried out were insufficient and a more thorough check would have revealed that the required repayments were unaffordable.

Capital One reviewed Miss R's complaint and didn't uphold it. They were satisfied that appropriate checks were carried out at the point of opening the account and both subsequent credit limit increases. They felt that there was no indication that the repayments were unaffordable.

An investigator then reviewed the merits of Miss R's complaint, and didn't think Capital One had done anything wrong.

Miss R disagreed with our investigator's opinion. In summary she felt that a more thorough check would have shown this to be unaffordable, and Capital One hadn't taken into account her previous defaults and debt management plan.

Because an agreement couldn't be reached, the complaint has been passed to me to decide.

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.

Having done so, I'm not upholding this complaint. I know this will disappoint Miss R, so I'll explain why.

The rules and regulations in place at the time Capital One provided Miss R with the credit card, and subsequently increased the limit, required it to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Capital One had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Miss R. In other words, it wasn't enough for Capital One to consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Miss R.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Capital One did what it needed to before providing the credit card and subsequently increasing the credit limit.

Miss R has provided a lot of information, including bank statements, to this service and I'd like to thank her for that. Although I will not refer to everything below, Miss R can be assured that I have considered all of the evidence supplied, but will only comment on the key elements relevant to my decision.

Capital One used information declared by Miss R in her application and used data supplied by a credit reference agency (CRA) to help it see whether the credit was affordable for Miss R.

In her application Miss R declared an annual salary of £24,575. The information Capital One obtained showed Miss R had previous defaults, the latest being around two years prior to the application, but a low level of debt on active accounts.

Capital One used all this information, and internal modelling to calculate cost of living expenses, before providing the credit card. Its checks suggested Miss R had a sufficient disposable income after her essential spend and existing credit commitments.

Having considered this myself, I think Capital One needed to do more. It is my understanding that Capital One weren't concerned with the defaults, deeming them to be historic. However, as Miss R has pointed out, she was on a debt management plan and effectively continued to make repayments of around £300 per month towards those defaulted debts.

Capital One could have seen this on the information from the CRA. Where the accounts were identified as in default, the current outstanding balance was lower than the default balance. This is an indicator that a debt management plan might be in place, so Capital One should have done further checks on affordability.

There's no set way for how Capital One should have carried out further checks; it could have asked Miss R about her expenditure, or if they felt it appropriate, they could have reviewed her bank statements.

In reaching my decision, I have used Miss R's bank statements as it is an easy way for this service to understand what proportionate checks would have likely revealed.

Having completed my assessment, Miss R had an average income of around £1,700 per month and her committed non-discretionary expenditure, including the debt management plan, were around £1,100.

There is nothing contained within Miss R's bank statements that would indicate any current financial difficulty, as the account appeared to be well managed.

It is likely that Capital One would have concluded that the required repayments for this credit card, even if the credit limit was fully utilised, would appear to be affordable as that is what I have found.

Capital One took a similar approach to assessing affordability prior to each CLI. In addition it used CRA data for assurance that Miss R's income was similar to before.

Capital One was also able to see how Miss R was managing her credit card account. It used all of this information before deciding whether to offer an increase.

I've reviewed all of this information, and whilst Miss R's overall debt had increased during this period, the credit limit increases appeared affordable, and Miss R was managing her credit card well, with regular payments significantly above the minimum required.

In conclusion, I don't think Capital One were irresponsible when providing Miss R with the credit card, or when it increased the credit limit.

In reaching my conclusions, I've also considered whether the lending relationship between Miss R and Capital One might have been unfair to Miss R under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Capital One did not lend irresponsibly when providing Miss R with the credit card or when it increased the limit, or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that Section 140A of the CCA would, given the facts of this complaint, lead to a different outcome here.

Whilst I know this will disappoint Miss R, for the reasons outlined above, I'm not upholding her complaint.

My final decision

It's my final decision that I don't uphold this complaint against Capital One (Europe) plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 9 April 2026.

David Barker
Ombudsman