

The complaint

Mrs R complains about Capital One (Europe) plc (“Capital One”) as she thinks her credit card account she held with them went over its credit limit and incurred charges through no fault of her own.

What happened

In May 2023, Mrs R took out a credit card account with Capital One.

In May 2025, Mrs R used her Capital One credit card to make a purchase at a third-party retailer. The amount paid was around £1,626. Mrs R then made a payment of £1,750 on the same day to her Capital One account. This payment was made using another credit card she held with a third-party (“H”). Mrs R said the payment she made showed up as being credited to her Capital One account as expected.

Later in the month, Mrs R used her credit card again to make another purchase at the same third-party retailer. The amount paid was around £1,669. Mrs R then made another payment of £1,450 from her other credit card she held with H, to credit her Capital One account.

Mrs R said that she noticed her account balance with Capital One was over its credit limit, and both payments into her account from H had been removed. So, Mrs R said she contacted Capital One to understand what had happened.

Mrs R also said that Capital One took payment for the full balance statement by direct debit. This meant that her personal banking account with a third-party went overdrawn.

Capital One sent Mrs R their final response on the matter in June 2025. In summary, they upheld Mrs R’s complaint and gave a breakdown as to why they hadn’t received the funds Mrs R attempted to send them. Mrs R was also given £75 for the distress and inconvenience caused, among other actions Capital One said they would perform.

Unhappy with how Capital One went about resolving matters, she referred her complaint to our service in August 2025.

During our involvement, Capital One made an offer to Mrs R in August 2025, which was communicated to her. They increased the amount of compensation they offered her for the distress and inconvenience, from £75, to £300 in total. Capital One also said they would refund any interest charged from June until December 2025, and that they would ensure Mrs R’s credit file didn’t show that her account was overlimit during this period. Mrs R declined the offer, and so our investigator went on to look into things.

Our investigator issued her view and explained that she thought the offer Capital One had made was a fair and reasonable way to put things right.

Mrs R disagreed and thought among other things, that Capital One should allow her to pay off her balance and not be charged any interest to do so. She said that she didn’t think it was her fault for the transfers being reversed or for going over her credit limit. Mrs R also thought

that she should be given £25,000 in compensation due to the distress and inconvenience caused by this complaint.

As Mrs R disagreed with the investigator's findings, the complaint was 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 upholding this complaint and I'll explain why below.

I'm aware I have summarised events and comments made by both parties very briefly, in less detail than has been provided, largely in my own words. No discourtesy is intended by this. In addition, if there's something I've not 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 or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Mrs R complains about a credit card agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mrs R's complaint about Capital One.

In May 2023, Mrs R took out a credit card with Capital One, which was brokered by a third-party ("P"). Previous credit cards brokered by P used to be provided by a different lender. However, those historical accounts have transferred to a different third-party lender ("Lender J") since Capital One became the exclusive lender for these particular credit card accounts.

When Mrs R tried to make two payments from H to Capital One, she would have needed to provide details to H. These details would have informed H that the account the funds needed to be transferred to, were provided by Capital One. Capital One has explained that H used Lender J's bank details, but Capital One's card number to make the transfers. It is unclear whether this was an automated process or whether a manual input was made for this to occur. In this instance, the funds that Mrs R tried to send to Capital One, went to Lender J. Lender J said they later returned the funds to H once it became apparent that they were intended to be sent to Capital One.

Capital One explained that they and Lender J use the same payment processing system, and this payment processing system recognised that a transfer was made using a Capital One account number. So, Capital One's backend system detected that their credit card number had been entered to process a transfer, and the transfer initially showed as entering Mrs R's account in anticipation of the funds being received. But as they were never received, the payments were reversed from Mrs R's account.

Looking at things here, this was an unfortunate set of circumstances. Essentially, two payments Mrs R attempted to make to Capital One using an account she held with H, inadvertently went to Lender J. And while I can't be sure, it is likely that this occurred due to both Lender J and Capital One using the same payment processing system and both Lender J and Capital One holding either a prior or existing relationship with P.

Having said the above, while the situation was an unfortunate set of circumstances, what is clear is that I can't see any part of these events being due to a fault Mrs R had made. I wouldn't expect Mrs R to know the ins-and-outs of how Capital One's payment processing

system works. And I think it was fair and reasonable for her to have assumed that Capital One should have received the balance transfers she had attempted to make.

What then transpired was Mrs R's account went over its limit, and she spent some of her own time trying to resolve matters. And within that time, a scheduled direct debit to Capital One was taken for the balance amount on her credit card. Given the amount that was required to be paid, Mrs R said that her account that payment was taken from, went overdrawn.

So, what I need to consider in this instance is the impact of this issue and whether Capital One needs to do anything to put things right.

As I said above, I don't think Mrs R is at fault for the events that occurred. And I'm mindful that Capital One has explained that it is the responsibility of the sender (who, in this instance, is H) to ensure the correct details are used when a transfer is being made. So, I don't think Capital One are entirely at fault for not receiving the funds as Mrs R intended. Having said that, and from what I have seen, I think Capital One could have done more to explain things to Mrs R. I'm aware that Capital One was also aware of this issue as well.

To put things right, Capital One offered Mrs R £300 in total for the distress and inconvenience caused (which included £75 they had already offered her), as well as refund any interest charged to her between June and December 2025. Capital One also said that they would ensure that Mrs R's credit file wouldn't show as if her account with them had gone over its limit during the time.

While I appreciate Mrs R believes she should receive considerably more, and has given a figure of £25,000, among other things, I think Capital One's offer to put things right to be fair and reasonable in the circumstances. I say this because, I don't think Capital One are at fault for how H had sent the payment. And Capital One offered to amend Mrs R's credit file, so it didn't show as being over its limit, had it not been for the payments being mistakenly sent to Lender J.

I have noted that part of Mrs R's concern is how long things have taken to be resolved. However, I can't say that Capital One are at fault here, considering an offer was made by them to put things right, but wasn't accepted.

So, for the distress and inconvenience caused to Mrs R, I think £300 in total is a fair and reasonable way to put things right, in addition to the other things Capital One said it would do.

My final decision

For the reasons I've explained, I uphold this complaint and I instruct Capital One (Europe) plc to put things right by doing the following:

- Pay Mrs R £300 to reflect the distress and inconvenience caused.
- Reimburse Mrs R any interest charged to her between June and December 2025. *
- Ensure Mrs R's credit file doesn't show as overlimit during June and December 2025.

* This amount should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If Capital One considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mrs R how much it's taken off. It should also give Mrs R a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue and Customs if appropriate.

If Capital One has already given compensation in relation to this specific complaint, the final amount should be less the amount already given.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 30 March 2026.

Ronesh Amin
Ombudsman