

Complaint

Miss S has complained about a credit card Capital One (Europe) plc (“Capital One”) provided to her.

She says the credit card was unaffordable given her circumstances at the time and so it shouldn't have been provided to her.

Background

Capital One provided Miss S with a credit card with an initial limit of £500 in August 2021. Miss S' credit limit was never increased.

One of our investigators reviewed what Miss S and Capital One had told us. And she thought Capital One hadn't done anything wrong or treated Miss S unfairly. So she didn't recommend that Miss S' complaint be upheld.

Miss S disagreed and asked for an ombudsman to look at her 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 Miss S' complaint.

Having carefully considered everything, I've decided not to uphold Miss 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 Miss S 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 initially agreed to Miss S' application after it obtained information on her income and carried out a credit search. And the information obtained indicated that Miss S would be able to make the monthly repayments due for this credit card.

On the other hand, Miss S says that she shouldn't have been lent to.

I've considered what the parties have said.

What's important to note is that Miss S 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 £500 could be repaid within a reasonable period of time, rather than whether £500 could be paid all in one go. A credit limit of £500 required low monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I understand that Miss S declared that she was employed full time and, earning £17,000.00 a year. The credit search carried out also showed that Miss S didn't have any significant adverse information – such as defaulted accounts or county court judgments - recorded against her. As far as I can see, the amount of active debt that Miss S had at this time was relatively low.

I've noted that Miss S has said that she had recently entered into persistent debt on another of her credit cards. However, this information isn't reported to credit reference agencies. So Capital One didn't know and couldn't be expected to know about this. Indeed, what Capital One's credit check appears to show about Miss S' other credit card is that she had a balance of just under £3,500.00 against a credit limit of £4,300.00. I don't think that this was a cause for concern or meant that Miss S shouldn't have been lent to in the way that she argues.

I accept that Miss S says her actual circumstances at the time were worse than what the information Capital One obtained showed. I'm sorry to hear that she found it difficult to make her payments. However, Capital One was entitled to rely on the results of its credit checks as well as the rest of the information that it gathered.

As this indicated that Miss S would be able to make the relatively low monthly payments required to repay £500 within a reasonable period of time, I don't think that it was unreasonable for Capital One to have lent in this instance.

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

However, for the reasons I've explained, I've not been persuaded that Capital One irresponsibly lent to Miss S or otherwise treated her 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.

Overall and having considered everything, while I can understand Miss S' sentiments, I don't think that Capital One treated Miss S unfairly or unreasonably when providing her with her credit card. And I'm not upholding Miss S' complaint. I appreciate this will be very disappointing for Miss S. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Miss S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 30 April 2026.

Jeshen Narayanan
Ombudsman