

## **complaint**

Mr K has complained that Capital One (Europe) plc acted irresponsibly when it increased the limit on his credit card account. Mr K says as a result his account went into default. He says Capital One should remove the default and refund him the fees and charges it applied to the account.

## **background**

Mr K says Capital One automatically increased the limit on his credit card account at a time when he was already struggling with pay day loans and other credit card debt. Mr K says this was an irresponsible decision by Capital One which has caused him financial hardship.

Our investigator thought that Capital One had shown it wrote to Mr K when it increased the limit and gave him 30 days to opt out if he didn't want the extra credit. He could also thought that in the months before the limit increase Mr K was meeting at least the minimum payments every month. The investigator agreed with Mr K that his credit file showed some adverse credit history. But he didn't think Mr K's credit history was poor enough at the time to have made it irresponsible of Capital One to have increased his credit card limit.

The investigator could see Mr K had explained that his income decreased significantly in the time after his credit card limit was increased and before Capital One registered the default. In his opinion it was likely it was a change in Mr K's circumstances rather than irresponsible lending that led to the default being registered.

In response, Mr K disagreed and said the credit card statements showed missed payments and that he had withdrawn cash on his card. He also said Capital One unfairly increased the minimum monthly payments to an unaffordable amount.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've looked carefully through Mr K's credit card statements for the months leading up to the limit increase. Around a year before the limit increased I think the statements show Mr K had gone over his agreed credit limit. But I can also see that in the 10 months before it increased his limit Mr K had paid the minimum payment or more every month. And I think that Capital One has shown it wrote to Mr K when it increased the limit letting him know how he could opt out of the increase.

I agree with Mr K that there was some adverse information on his credit file dating back to year or so before Capital One increased the credit limit. And with the benefit of hindsight it wasn't a good idea for Capital One to have offered Mr K more credit. But based on the information it had of Mr K's financial situation at the time I don't think I have enough evidence that Capital One acted irresponsibly.

Mr K has also complained that Capital One increased the minimum payments to an amount that was unaffordable to him in the months before it registered the default. I think the minimum payments increased because the amount Mr K owed was higher and was continually increasing due to the interest rate applied to account. I also think the monthly payment went up because Mr K had missed previous payments. I appreciate Mr K says it

would have helped him if Capital One had reduced the amount it was asking him to pay each month. But I don't think this means Capital One made a mistake when it registered a default on his account.

I'm sorry to disappoint Mr K but I think Capital One has done enough to settle his complaint.

**my final decision**

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 19 March 2018.

Sarah Brooks  
**ombudsman**