

complaint

Mr C complains that Capital One (Europe) plc wants him to repay a credit card debt that he ran up after asking it to close his account.

background

In 2011/12 Mr C suffered a period of financial difficulty resulting, at least in part, from a gambling addiction. In August 2012 Mr C's father repaid a number of debts Mr C owed, including the balance on his Capital One credit card. At that point Mr C also asked Capital One to close his account. It said it should be able to do this but asked Mr C to call back in a few days to check this had been done.

Mr C did not call back as requested and a few days later suffered a relapse with his gambling addiction. His Capital One credit card had been linked to an online gambling website and he had not cancelled the account when the credit card debt was repaid. As his credit card account had not yet been closed he was able to use it to deposit money into the online gambling account.

Mr C incurred charges and interest on the debt he ran up and he was unable to repay the money owed. He complained to Capital One that it had not cancelled his card as quickly as other lenders and asked it to write off the debt. Capital One refunded £60 of fees but said Mr C must repay the remaining debt. So Mr C referred a complaint to this service.

Our adjudicator thought Capital One could have done more to limit Mr C's ability to use his credit card after his father repaid the outstanding debt. But it was ultimately Mr C's decision to use the card again.

Capital One had already refunded some charges but the adjudicator considered it should refund the other £70.89 of interest and charges that were incurred after Mr C asked for his account to be closed. He also said it should pay £100 in recognition that it could have done more to help when it found out Mr C was experiencing financial difficulties. Capital One agreed to the refund but refused to pay any compensation – it was satisfied it had done all that was necessary to help Mr C.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I have listened to the call in which Mr C's father repaid the credit card debt in full. And I accept Mr C asked Capital One to close his account during that same call. But he didn't mention his gambling addiction during the call, despite being given the opportunity to do so. He was asked specifically why he wanted to close the account and he said only that he didn't want it anymore.

I appreciate Mr C had written to Capital One a few months previously explaining about his addiction and financial difficulties. But I can see little reason for Capital One to have referred back to that letter during the telephone call in which the debt was repaid. In the circumstances, I do not accept that Capital One should have realised there was a need to deviate from its normal account closure process which, it says, can take up to 21 days to complete.

I am also satisfied the call-handler explained to Mr C that the computer system would not allow him to close the account. And he asked Mr C to call back in a few days' time to check this had been completed. Mr C was also told that a letter would be sent once the account had been closed. So Mr C ought to have realised that he needed to do something more in order to ensure the account would be closed.

It appears Mr C was able to use his credit card again some days later because the details were stored on a gambling website. And it was his decision not to close that online account at the same time he repaid his credit card balance. I have also taken into account that Mr C's father told Capital One he had made certain stipulations before agreeing to repay Mr C's debts. This including that Mr C put anti-gaming software onto his laptop. But it seems Mr C might not have done this, given that the majority of the transactions that led to this complaint were made through a gambling website.

Overall, I am not persuaded that Capital One should have realised there was a need to depart from its usual account closure process. And I cannot fairly require Capital One to refund the payments Mr C made using his card after he asked for his account to be closed.

Capital One has already refunded £60 of over limit and late payment charges and £19.14 of interest. It has now agreed to refund a further £70.89 of interest and charges. Once these refunds are made, Mr C's debt to Capital One will consist solely of the payments he made using his card after he asked for the account to be closed. I consider that to be fair in the circumstances

However, I also consider that Capital One should pay the £100 compensation recommended by the adjudicator. I say this having considered Mr C's history of non-payment before the balance was cleared in September 2012 and the disclosure he made in April 2012 about his gambling addiction. Having done so I consider that Capital One could (and, arguably, should) have done more to help when Mr C failed to make any repayments after using the card again.

my final decision

My final decision is that Capital One plc should:

- Refund £70.89 of charges and interest so that Mr C's debt is reduced to £716.
- Pay an additional £100 compensation.

Ruth Lewis
ombudsman