

complaint

Mr D1 represented by his father, Mr D2, complains that Capital One (Europe) plc acted irresponsibly when it approved his credit card application.

background

In 2013, Capital One gave Mr D1 a credit card with a limit of £1,500.

Mr D2 is unhappy that Capital One agreed his son's application. Mr D2 says Mr D1 has a gambling addiction and has previously been in debt.

In 2014, Mr D1 was out of work after a car accident. Mr D2 says Capital One agreed to suspend interest until he was better. But as Mr D1 didn't send the bank medical information Capital One asked for, it couldn't help Mr D1 further and issued a default notice.

Capital One suspended recovery action again in mid-June 2015 but Mr D1 didn't keep to the repayment plan. The account was passed to another debt collection company.

Our adjudicator didn't recommend upholding Mr D1's complaint. He didn't think Capital One acted unreasonably when it offered Mr D1 a credit card. Our adjudicator didn't consider Capital One was aware of Mr D1's gambling problem.

Mr D2 disagrees with our adjudicator's conclusions. He says Mr D1 included £40,000 of income that he doesn't have. Mr D2 says Capital One should've carried out further checks to verify this. And Mr D2 also thinks Capital One shouldn't have agreed the new card when Mr D1 had already failed to give it information about his accident. Mr D2 points out that Mr D1 failed another credit search at the same time.

my findings

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 agree with the conclusions of our adjudicator.

I can fully appreciate Mr D2's concern about his son. He explains Mr D1 struggles to manage his finances and I can see Mr D1's current credit rating is very poor.

I don't want to appear in any way dismissive of the information that Mr D2 has given to us. But it relates to Mr D1's situation now – not his financial position when he applied for the credit card in 2013.

Mr D1 applied for a credit card that's specifically designed for customers who want to improve their credit rating. Capital One can approve an application for someone who may have had defaults or county court judgments in the past, if it can see a history of managing credit.

Although I can see some historic arrangements to pay (AP) on Mr D1's credit file, I don't find this means Capital One shouldn't have agreed his application in 2013. Mr D1 appears to have maintained the APs and then settled some debts before 2013.

Mr D2 is unhappy that Capital One accepted his son's word that he had "other" income of £40,000. I can't be certain how much this influenced Capital One's lending decision. It says it

takes account of a number of factors, including what's in the application and the person's credit score. I don't find that Capital One made a mistake when it didn't ask for further evidence of Mr D1's sources of income.

Mr D2 mentioned another creditor recorded a default on Mr D1's credit file around the same time he applied for the Capital One card. Like our adjudicator, I agree that this might not have shown on Mr D1's credit file at the time of his application, so it doesn't change my decision.

Mr D2 says he settled his son's previous account with Capital One. Mr D2 also raised concerns about Mr D1's ability to manage his finances between 2008 and 2012. I don't have a copy of the letter Mr D2 sent to Capital One. But even if I did, it wouldn't change my decision as Capital One says it wouldn't review a previous account when considering a new application.

I'm satisfied Capital One responded reasonably and sympathetically when Mr D2 told it about his son's accident. The bank asked Mr D1 to give further details, such as a sick note or letter from his doctor. The requests weren't unreasonable. As Mr D1 didn't respond, I can't find that Capital One did anything wrong when it continued to pursue payment of the outstanding balance. And Capital One says it didn't agree to suspend interest at the time – just the charges.

Capital One refunded interest and charges from July 2014 to November 2014. I find this fair. Overall, I don't consider Capital One acted irresponsibly when it offered Mr D1 a credit card in 2013. I can't reasonably require the bank to write off the remaining balance as Mr D2 would like.

If Mr D1 hasn't done so already, he should complete an income and expenditure form so that Capital One can consider any offers that he or Mr D2 might make regarding repayment of the balance.

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 D1 to accept or reject my decision before 19 May 2016.

Gemma Bowen
ombudsman