

## **The complaint**

Mr T complains that Capital One (Europe) plc irresponsibly lent to him.

## **What happened**

Mr T applied for credit cards from Capital One in March 2018 and July 2018, each time he was given a credit limit of £200. The credit limits weren't increased at any stage. The first account defaulted on 21 August 2019 with a balance of £81.75 and the second on 6 September 2019 with a balance of £352.23.

Our investigator considered the information provided by Mr T and Capital One, and he didn't find the lending was irresponsible. He said the checks were proportionate, and based on the results Capital One's lending decisions were fair.

Unhappy with this assessment Mr T asked for an ombudsman's review.

## **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.

Capital One will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint about unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

To decide if Capital One lent responsibly I need to consider if its checks were proportionate; if not, what would better checks most likely have shown; then did it make fair lending decisions; and finally did it treat Mr T unfairly in some other way.

### *Credit card opened March 2018*

As part of Mr T's application he declared that he was employed with a gross annual income of £30,000 and that he was living with his parents. Capital One estimated Mr T's living expenses using national statistics to understand his disposable income and carried out a credit check to understand his credit history and existing commitments. It has shared the results. They show Mr T had a low level of debt (£449), he was up to date with all his payments and there was no adverse data recorded against him.

I think these checks were proportionate for a credit line of £200 given Mr T's declared income and credit status, and there was nothing in the results that I think ought to have led Capital One to carry out further checks or make a different lending decision. There was no information to suggest Mr T might struggle to manage the credit.

It follows I don't think Capital One was wrong to give the card and opening credit limit of £200 to Mr T.

### *Credit card opened July 2018*

As part of Mr T's application he declared that he was employed, now with a lower gross annual income of £20,000 and that he was again living with his parents. Capital One estimated Mr T's living expenses using national statistics to understand his disposable income and carried out a credit check to understand his credit history and existing commitments. It has shared the results. They show Mr T had an even lower level of debt (£374), he was up to date with all his payments and there was no adverse data recorded against him. As Mr T already had a card with Capital One it also looked at how he was using that account.

I think these checks were proportionate for a credit line of £200 given Mr T's declared income and credit status, and there was nothing in the results that I think ought to have led Capital One to carry out further checks or to make a different lending decision. There was no information to suggest Mr T might struggle to manage the credit.

It follows I don't think Capital One was wrong to give the card and opening credit limit of £200 to Mr T.

I am sorry to hear Mr T went on to have financial problems and I hope he now has the support he needs. He could contact StepChange on 0800 1381111 for free debt management advice if he is still struggling.

I haven't seen any evidence Capital One treated Mr T unfairly in any other way.

### **My final decision**

I am not upholding Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 17 January 2024.

Rebecca Connelley  
**Ombudsman**