

## **The complaint**

Mr B complains that Capital One (Europe) plc lent irresponsibly when it approved two credit cards in his name and increased the credit limit on one of them.

## **What happened**

In June 2019 Mr B applied for a credit card with Capital One. In the application, Mr B said he was a tenant and employed earning £28,756. Capital One says it carried out a credit search and applied its lending criteria to Mr B's application and approved a credit card with a limit of £200. In April 2021 Capital One increased the credit limit to £450.

In August 2021 Mr B applied for a second credit card with Capital One. In this application, Mr B said he was a tenant with rent of £260 a month and employed with an income of £42,000. Capital One says it carried out a credit search and found details of the unsecured debt Mr B owed and a default that was around two years old. Capital One says it also found Mr B had a missed payment recorded in the previous six months. Capital One says it applied its lending criteria to Mr B's application and approved a credit card with a limit of £200.

Earlier this year Mr B complained that Capital One had lent irresponsibly when it approved his credit card applications and increased the credit limit. Capital One issued a final response and agreed that it shouldn't have approved the first credit card. But Capital One thought the second credit card had been correctly approved and didn't uphold that part of Mr B's complaint.

Mr B referred his complaint to this service and it was passed to an investigator. They thought Capital One had made a fair offer to resolve Mr B's complaint and didn't ask it to take any further action. Mr B asked to appeal, so his complaint has been passed to me to make a decision.

## **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.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint.

Before providing credit, lenders need to complete reasonable and proportionate affordability checks. There isn't a set list of checks a lender is required to carry out, but it needs to ensure the checks are proportionate when considering things like: the type and amount of credit being provided, the size of the regular repayments, the total cost of the credit and the consumer's circumstances.

I don't need to make a decision concerning the first credit card Mr B applied for in June 2019 as Capital One has already agreed to uphold that part of his complaint and refund the interest, fees and charges applied. I've reviewed the refund details Capital One has supplied

and I'm satisfied it's very much in line with what we'd have told Capital One to pay, if no offer had been made. So I'm not telling Capital One to take any further action in relation to the first credit card Mr B applied for.

Mr B's second application was made a short time after his credit limit increased on the first credit card. But I think it's fair to note that the increase was reasonably modest in nature taking the credit limit from £200 to £450. And Mr B supplied updated information about his circumstances in the application he made in August 2021. In the application, Mr B advised he was employed with an income of £42,000 and had monthly rent of £260. Capital One applied outgoings it obtained from statistical data and looked at Mr B's monthly costs for servicing his existing credit. Capital One says it found the information obtained showed Mr B was able to sustainably meet the repayments required for a credit limit of £200.

Whilst I don't doubt what Mr B has told us, I'm satisfied Capital One's checks during the application process for the second credit card were reasonable and proportionate to the type and amount of credit being applied for. In short, I haven't been persuaded that Capital One needed to carry out a more comprehensive set of checks before approving Mr B's credit card application. In my view, the decision to lend in August 2021 was reasonable based on what Capital One knew about Mr B. I'm sorry to disappoint Mr B but as I haven't found evidence to support Capital One lent irresponsibly, I'm not upholding this part of his complaint. That means I'm unable to tell Capital One to refund the interest Mr B has paid towards the second credit card.

I'm sorry to disappoint Mr B but as I'm satisfied Capital One has already agreed a settlement that is fair and reasonable in all the circumstances, I'm not telling it to take any further action.

### **My final decision**

My decision is that Capital One (Europe) plc has already agreed a settlement that is fair and reasonable in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 January 2024.

Marco Manente  
**Ombudsman**