

## **The complaint**

Miss S complains that Capital One (Europe) plc ('Capital One') irresponsibly gave her a credit card account that she couldn't afford.

## **What happened**

On 24 February 2018, Miss S's credit card was opened by Capital One with an initial credit limit of £500. This credit limit was increased in September 2018 to £1500 and in July 2019 to £2,500.

In 2022, Miss S complained to Capital One to say that the account shouldn't have been opened because it wasn't affordable and that Capital One ought to have made a better effort to understand her financial circumstances before opening the credit card.

Our adjudicator didn't recommend the complaint be upheld. Miss S didn't agree. So, the complaint has been passed to me to decide.

## **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.

I've read and considered the whole file, but I'll confine my comments to what I think is relevant.

If I don't comment on any specific point it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

Capital One will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning 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.

Miss S's complaint is that Capital One made credit available that was unaffordable. Capital One has explained that it used, among other things, a credit reference agency to determine the amount of credit it was able to offer at each stage of its lending, as well as the information it had on how Miss S was managing her account. It's possible that Capital One failed to make adequate checks before providing Miss S with credit. But even if that's true, I don't think better enquiries would have caused Capital One to think the initial credit limit or the increases were unaffordable.

I say this because at the point that she applied for the credit card Miss S told Capital One that whilst she was in receipt of income of £13,000 a year. The initial credit limit was modest and the maximum monthly payments for that credit were also relatively modest and up to the credit increases Miss S was not using anywhere near the credit limits.

And there was nothing from the credit reference agency that made the credit automatically unreasonable or that would have put Capital One off supplying either the credit or the credit increase had they known about them at the time. Miss S has supplied a copy of her credit report which is devoid of any adverse credit information about her. When I say that I note that Miss S seems to have had no immediate history of arrears, CCJ's, defaults or bankruptcies on her accounts. And that includes her banking accounts. So, it would have seemed to Capital One that Miss S was affording her existing credit.

So, I do not think that Capital One would have been put on notice to look more closely at Miss S's expenditure before agreeing to the credit of the credit limit increases.

So, having considered all the submissions made in this case, I have seen insufficient evidence to think that more thorough affordability checks would have led Capital One to think that the credit it provided Miss S was unreasonable. Further, I'm not persuaded that the way Miss S was managing her account or what Capital One could see of her management of other credit ought to have prompted it to have acted differently than it did.

I know that Miss S will be disappointed with my decision. But I want Miss S to know that I considered all the submissions made in this case. Having done so, I have not found sufficient evidence to uphold this complaint.

### **My final decision**

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 11 September 2023.

A handwritten signature in blue ink, appearing to read 'Dm' with a stylized flourish.

Douglas Sayers  
**Ombudsman**