

The complaint

Mr M complains that Capital One (Europe) plc lent irresponsibly when it approved his credit card application.

What happened

In November 2022 Mr M applied for a credit card with Capital One. In his application, Mr M said he was a homeowner and employed with an income of £32,000 a year. Capital One says it completed a credit search to get a picture of Mr M's finances and applied its lending criteria to the application. Capital One approved a credit card with a limit of £300 on 16 November 2022.

Mr M used the credit card and repaid the outstanding balance in full on 13 December 2022. Capital One sent Mr M a letter on 14 December 2022 to confirm the credit card had been closed.

Earlier this year, Mr M complained that Capital One had lent irresponsibly and it sent him a final response. Capital One didn't agree it had lent irresponsibly and didn't uphold Mr M's complaint.

An investigator at this service looked at Mr M's case. They thought Capital One had carried out reasonable and proportionate checks before approving Mr M's credit card and didn't uphold his complaint. Mr M asked to appeal and said he had a number of loans and credit cards at the time he applied to Capital One and was many thousands of pounds in debt. Mr M added that he also had to meet mortgage and regular bills and that Capital One shouldn't have approved his credit card. As Mr M asked to appeal, 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, it just 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.

In this case, Capital One says it looked at the information Mr M provided in his application and also carried out a credit search. I've looked at Mr M's application and can see he confirmed his residential status as a homeowner. The application gave Mr M's profession

and an income figure of £32,000. In addition to the application Mr M provided, Capital One carried out a credit search and has provided a copy of the results it found.

In Mr M's complaint submission he said he had a large number of loans and credit cards at the point he applied. Capital One has provided the credit searches it obtained from two credit reference agencies. They both show evidence of two credit cards and an unsecured loan. But they don't show evidence of active arrears at the point Mr M applied. And I'm satisfied Capital One was aware that some of Mr M's commitments included missed payments and factored that in. The information I've seen shows Capital One did carry out the necessary credit checks and took Mr M's commitments into account when deciding whether to lend.

I can also see that Mr M's mortgage was found on his credit file and I'm satisfied that cost was taken into account by Capital One during the application.

Mr M has pointed out he already had credit cards with Capital One. And I agree that applying for new credit can be a sign of financial difficulty. But I think it's fair to add that this application was for a credit card with a reasonably low limit. And Capital One approved a credit limit of £300. In my view, the checks completed by Capital One were reasonable and proportionate to the application Mr M made. I haven't been persuaded that Capital One lent irresponsibly.

I'm sorry to disappoint Mr M but as I'm satisfied Capital One dealt with his complaint fairly I'm not telling it to do anything else.

My final decision

My decision is that I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 14 September 2023.

Marco Manente
Ombudsman