

The complaint

Mr D has complained that Capital One (Europe) plc acted irresponsibly when it provided him with a credit card and subsequent credit limit increases.

Background

Mr D applied for a Capital One credit card in April 2017, and this was approved with an opening credit limit of £750. The limit was then increased in January 2019 to £1,750, then again in December 2019 to £2,750 with the final increase to £3,750.

Mr D has said neither the initial card limit, nor any of the later increases were affordable to him. He believes that Capital One failed to run proportionate checks to ensure the lending was affordable and sustainable. He's asked that it refund all of the interest and charges he's paid since the account was opened.

Capital One has said that when Mr D applied for his card in 2017 it ran full checks and asked him to complete an income and expenditure form, as well as checking his existing debt levels and credit score. It has said it repeated these checks each time it offered a credit limit increase. In addition to this it has noted that in between each credit limit increase Mr D was maintaining his account well, making more than the minimum monthly repayments and had never missed a payment or had any late payment charges added to his account. So it says there was nothing to indicate the card or limit increases would not be affordable and it didn't uphold his complaint.

Unhappy with Capital One's response Mr D brought his complaint to this service. One of our investigators looked into the complaint already. He found that the checks completed by Capital One were proportionate and there was no evidence provided by Mr D to show that the card, and the limit increase, were unaffordable. So, he didn't uphold the complaint.

Mr D disagreed with the investigator's findings and asked for an ombudsman to review his complaint and so it's been passed to me for consideration.

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 outcome reached by our investigator and so won't be upholding Mr D's complaint. I know this will come as a disappointment, so I'd like to explain why I've reached the outcome I have.

Mr D has said that the credit card was never affordable, and all of the credit limit increases were inappropriate. However, I've not seen any evidence, such as bank statements or credit file information, to support this.

Capital One has said that in 2017 when the account was opened, Mr D was working full time, with an annual income of approximately £21,000. He had limited out goings as he was

still living at home with his parents at the time and his credit file showed no indication of any financial stress such as missed payments or defaults. So, it seems more likely than not that the card, with a relatively low limit of £750, was affordable. Therefore, I can't say Capital One acted irresponsibly when it opened the account for Mr D at this time.

In January 2019 Mr D was offered a credit limit increase to £1,750 by Capital One. At this stage his income had increased to £22,000 per year and his combined existing debt was approximately £8,850. The account had been well maintained over the previous year and a half with no missed payments and Mr D was repaying more than the minimum repayment most months. Therefore, it appeared that the increase would be affordable and sustainable for Mr D. Based on this, and without any evidence to contradict Capital One's assertions at that time, I agree the limit increase appeared to be affordable and so I don't think it was inappropriate for Capital One to offer the credit limit at this time.

In December 2019 Capital One again contacted Mr D offering a second credit limit increase, this time to £2,750. Again, it has provided the information it relied on at the time to show the limit increase was affordable. While Mr D's income remained the same his over all indebtedness had decreased leaving him with more disposable income than he'd had previously. His account was still well maintained, and he was paying over the minimum amount due on a regular basis. So, I don't think there was anything on Mr D's credit file or account history that indicated the increase may be problematic or unsustainable. So I don't think Capital One acted irresponsibly when it offered it to Mr D.

The final increase happened in July 2022, over 18 months after the second limit increase. Again, Capital One offered the increase to Mr D. By this time Mr D's income had increased slightly to £23,000 but his over all indebtedness had continued to decrease, which indicated he was managing his finances well at this time. There was no history of late payments or arrears on this account or on his credit file. Mr D has told us he was reliant on high-cost credit at this time but there's no evidence to support this and there was nothing on how he was managing his account by July 2022 that would've suggested the final credit limit increase was unaffordable. So I don't think Capital One was wrong to offer it to him.

Mr D has confirmed that he has since experienced financial difficulties and he believes Capital One has failed to offer his sufficient support during a difficult time. I've reviewed his account history and while I can see that he contacted Capital One for support earlier this year, this seems to have been a short-term arrangement and it looks as though it provided support by suspending fees and charges for an agreed time. And without any supporting evidence that speaks to Mr D's financial problems or detailed testimony explaining why the support offered wasn't sufficient, I'm unable to conclude Capital One acted unfairly.

My final decision

For the reasons set out above I don't uphold Mr D's complaint against Capital One (Europe) plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 12 October 2023.

Karen Hanlon
Ombudsman