

The complaint

Mr D complains that Capital One (Europe) plc (CapOne) declined his application for a new credit card with a balance transfer.

What happened

In August 2022, Mr D received an invitation to apply for a 'pre-approved' credit card with a limit of £3,500. He wanted to use the card for a balance transfer.

CapOne asked him for more information and then declined the application.

Mr D complained. He said that CapOne acted in a manner that was opaque, capricious, and poorly communicated. The pre-approved offer said '...one more step..' – which implied the process would be simple. He said he provided his income details and had a perfect credit score – and couldn't see why the application was declined. He wanted to use the balance transfer to manage his cash flow – as he'd done on many occasions before with other credit card providers.

Mr D made a Subject Access Request (SAR) on 21 September 2022, and CapOne supplied its response on 6 October 2022. Mr D then asked for calls under the SAR request – on 19 December 2022; CapOne provided these on 5 January 2023.

Mr D said CapOne had breached the Financial Conduct Authority's (FCA) Four Principles and hadn't satisfied his SAR request – because they'd not provided him with the calls.

CapOne said their 'Quick Check' tool provided an indication of acceptance, but once a full application is considered, other elements may affect the final decision. They said CapOne's lending criteria is confidential, and there's no guarantee of being accepted, even if there's no adverse credit history. And in Mr D's case he didn't meet CapOne's lending criteria.

Mr D brought his complaint to us. Our investigator didn't uphold it. He said CapOne's lending criteria was confidential and he can't interfere with CapOne's commercial judgment. He didn't consider that Mr D's request for a SAR had not been dealt with properly.

Mr D didn't agree. He repeated his complaint points and added:

- CapOne breached the FCA's Four Principles for Business.
- He didn't think 'automated processing' was fair.
- 'Pre-approved' gave the direction that the credit card was approved – there weren't any caveats or conditions to it.
- His credit score had now been affected because of the searches performed by CapOne.

Mr D asked that an ombudsman looks at his complaint, and so it has come to me to make a final 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.

We asked CapOne for more information about the pre-approved offer. I wanted to know more about the offer and how it was communicated – as that is the crux of Mr D's complaint.

CapOne told us:

Mr D's 'pre-approved' application came via a price comparison website ('PCW'). He was prompted to apply by the PCW. CapOne can't say how Mr D came to be targeted by that business; possibly because he had applied for credit that way in the past.

CapOne showed us what Mr D would've seen on the price comparison website – it said *"Your chance of approval – 100%...you'll get this card if you apply...being pre-approved means the interest rate, interest-free period and fee...are all confirmed. The only thing we can't guarantee is the credit limit – this will be confirmed after you apply. You're guaranteed to get this card, provided you use the same details as you gave us and you pass the lender's final credit checks, including fraud and money laundering."*

So - while I agree the PCW broadly indicated the card should be approved, it did give a caveat that it was subject to CapOne's credit checks – which is understandable.

In fairness to CapOne, I can't hold them responsible for what the PCW puts on its website – Mr D may wish to approach the PCW.

And then, when Mr D clicked through to CapOne's website, he was given the message:

- *"..we still need to...check your eligibility again with the credit reference agencies and let them know you've applied for a credit card. This will go on your credit file...."*
- *Do our fraud and identity checks....(because of these checks) there's a small chance we won't be able to open your account".*

So here, clearly it's for CapOne to take its own decisions on whether to agree a credit limit or not. And I'm satisfied the text that CapOne showed Mr D said the card was subject to their checks.

And in this case, it's for CapOne to take its own commercial decisions about whether to give Mr D a new credit card and limit, based on its own lending criteria. That's for CapOne to decide – and we won't interfere with that.

I can see that CapOne assessed Mr D's application and declined it based on their own lending criteria – and as I've said that's not something I can challenge.

Mr D has said his credit score has been affected. But every lender will carry out a credit search when a customer applies for a credit limit (as was the case here). And – lenders must record the search as a matter of fact. So – that's what's happened here, and I don't think that's an unreasonable thing for CapOne to have done. And – CapOne's communications did say the application would be recorded on Mr D's credit file.

Similarly, the use of automated approval processes is for CapOne to decide upon. We can't

tell businesses to change their operations, processes, or procedures – that's up to them, and we can't interfere. But – it is a fact that all (or at least most) credit card providers use such processes today.

I've gone on to consider what Mr D has said about the SAR request. I noted that he asked for a SAR on 21 September 2022, and CapOne supplied its response on 6 October 2022. So, that was within the regulatory timescale of 30 days. Mr D then asked for calls on 19 December 2022; CapOne provided these on 5 January 2023. So that was also within a further 30-day timescale. Mr D argues that the provision of calls should've been fulfilled in the first response – and by the time the calls were provided, that was outside the original 30-day period. But on that point – I note he is going to complain to the Information Commissioner's Office (ICO) and therefore that point – a technical one – is better handled by the ICO. So, I make no further comment on that.

I can see that Mr D feels strongly about his complaint and so will be disappointed by my decision, but I'm not asking CapOne to do anything here.

My final decision

I do not uphold this complaint.

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

Martin Lord
Ombudsman