

The complaint

Mr P says that Capital One (Europe) plc ("Capital One") were irresponsible to extend credit to him.

What happened

Capital One approved a credit card application for Mr P in February 2019, the credit limit was initially set at £200 and was never increased.

Mr P says Capital One were wrong to provide credit as it wasn't affordable for him. He says he was unemployed at the time and that Capital One should have verified his income.

Capital One said that they did carry out reasonable checks to understand whether the credit was affordable for Mr P. They asked him for details of his income, reviewed his credit file, and considered his likely expenditure using statistical data. They said that having completed those checks there were no signs of financial distress and the credit seemed affordable for Mr P.

Our investigator agreed with Capital One, but Mr P was unhappy. He provided some additional documentation (bank statements and medical history), and he thought Capital One should have identified he had a gambling problem. Mr P asked for a final decision by an ombudsman.

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 here.

I think Capital One completed reasonable and proportionate checks before approving the loan.

Mr P told Capital One that he was earning about £25,000 per year. The credit file check that Capital One completed showed he had £34 of unsecured borrowing and that he had six credit agreements that were all being well managed. There was one missed payment within the last 12 months. The credit file didn't show that Mr P had access to credit he could max out at any time and that could have resulted in him becoming overcommitted quickly. This agreement was for a relatively modest amount of credit, and I don't think Capital One had to go any further and, for instance, verify the income Mr P had stated.

I think the information Capital One reviewed suggested Mr P would have been likely to afford the credit that was being considered.

As I think the checks were proportionate and reasonable I don't think Capital One had to ask

for bank statements and it was only by doing that that they would have been likely to notice any income discrepancy, or gambling problems.

I don't therefore think Capital One were wrong to provide a card with a £200 limit.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 17 May 2024.

Phillip McMahon
Ombudsman