Capital One Broke Promises to Communities in 2012 ING Direct Merger

Capital One has made big promises before to secure regulatory approval for a merger. When it sought permission to buy ING Direct in 2012, it specifically pledged $28.5 billion in new mortgage lending to low- and moderate-income (LMI) borrowers and communities over the 10 years after the merger went through.

Instead, it exited the mortgage lending business entirely in 2017. NCRC experts analyzed federal databases on mortgage lending to gauge how much LMI lending Capital One had done in that five years, and found just $11.3 billion of the promised $28.5 billion – meaning the bank did less than 40% of what it promised for LMI borrowers.

Capital One Promised $28.5 Billion In New LMI Mortgage Lending Over 10 Years As Part Of Its 2012 Acquisition Of ING Direct. From *Bloomberg*: "Capital One Financial Corp.'s planned purchase of ING Groep NV's U.S. online bank won approval from the Federal Reserve, clearing the way for the credit-card lender to add about $80 billion in deposits. [....] Capital One pledged to make $180 billion in new community-development loans and investments over the next decade, including $28.5 billion in home lending to borrowers characterized as low- and moderate-income." [Bloomberg News, 2/15/2012]

- **Capital One Staff Specifically Cited Its Mortgage Promises In Testimony About The Merger Before Federal Regulators.** At the Federal Reserve Board's September 2011 public hearing on the proposed Capital One-ING merger, then-Director of Community Development Banking Dorothy Broadman said: "As John mentioned earlier, we are very pleased to announce that we are making a $180 billion community investment commitment over the next ten years. [....] The commitment covers all major lines of business including low and moderate income home mortgages and home equity lending, $28.5 billion." [Federal Reserve Board, "Public Meeting Regarding Notice By Capital One To Acquire ING Bank," 9/20/2011]

Capital One Shuttered Its Mortgage Business Five Years Into Its 10-Year Lending Pledge. From *Reuters*: "Capital One Financial will stop issuing mortgage and home equity loans and cut some 1,100 jobs amid rising interest rates that have pushed away borrowers and slowed loan growth at many U.S. regional banks." [Reuters, 11/8/2017]

Capital One Made Just $11.3B Of The Promised $28.5B In LMI Mortgages Before Shuttering Its Mortgage Business Five Years Later. According to an NCRC analysis of Home Mortgage Data Act (HMDA) records from 2012 to 2022, Capital One made $11.3 in mortgage loans to LMI borrowers or borrowers in LMI census tracts, less than half the total commitment. [NCRC Comment Letter, 4/22/2024]

Capital One's Business Model Is Predicated On Practices That Make It "Difficult To Imagine…A Plan That Would Make Them A Positive Contributor To Credit Needs." From NCRC's comment letter opposing the Discover acquisition:

> *It is difficult to imagine how Capital One could come up with a plan that would make them a positive contributor to credit needs. Capital One's business practices are incompatible with wealth building for lower income borrowers. [...]Capital One is one of the most expensive credit card lenders in the country, and they specifically target non-prime borrowers who are more likely to carry outstanding balances over from month to month and generate more interest payments to Capital One. There is nothing wrong with prioritizing borrowers with lower credit scores, but given Capital One's significantly higher interest rates than smaller issuers, it appears that Capital One's customers would be much better served taking their business elsewhere. Capital One's practice of raising credit lines on non-prime borrowers as they approach their limit is certainly a contributing factor to the rise in persistent credit card debt, with Capital One receiving more than $800 annually in interest payments alone from many of their customers. It has also been reported that in at least one instance Capital One used $100 credit card line increases to borrowers living in LMI census tracts that would not have ordinarily qualified in order to artificially inflate its CRA performance.* [NCRC Comment Letter, 4/22/2024]