

The complaint

Mr R complains that MBNA Limited blocked the use of his credit card accounts.

What happened

Mr R told MBNA he was in financial difficulties in February 2019 and would struggle to make his monthly credit card repayment. He says he was given breathing space to make the payment but wasn't told MBNA was freezing his use of both credit cards. Mr R says that was unfair, and he would like MBNA to remove the blocks on the accounts and allow him to continue to use them.

MBNA says Mr R told it he would struggle to make his monthly payment. It says it agreed a breathing space and froze interest and fees but asked Mr R to call it back after a month. MBNA says it wrote to him and told him the accounts were blocked and told him during the call there would be account restrictions. MBNA accepts it ought to have been clearer in telling Mr R that both accounts would be blocked and has paid a gesture of goodwill in respect of that mistake. It says its terms and conditions allow it to restrict account use where it believes it may not get paid and says there hasn't been payments made to either account in some time.

Mr R had brought his complaint to us but our investigator thought MBNA had dealt fairly with it. The investigator thought MBNA's account terms and conditions allowed it to restrict account use and that information had been given to Mr R in writing some days after he called it. The investigator accepted that MBNA ought to have been clearer in the call but thought it was trying to help Mr R and couldn't ask MBNA to remove the account restrictions.

Mr R doesn't accept that view and says MBNA acted incorrectly and that we should be able to tell it to remove the account restrictions.

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. Having done so, I have come to the same overall view as the investigator. I realise Mr R will be disappointed by my decision.

I have looked at the account terms and conditions which I think Mr R would have agreed to when the accounts were first opened. And I can see that MBNA makes clear that it can restrict account use if it feels for example there is a risk that a customer is unable to repay credit. So I don't think MBNA made a mistake here by concluding there was such a risk in circumstances where Mr R told it he was having problems making a monthly payment. I also think that it would have been irresponsible to allow Mr R to continue spending on his credit cards when he had told MBNA he could not make a monthly repayment. So I'm satisfied that MBNA was entitled to restrict the use of Mr R's accounts and didn't make a mistake by doing so.

I accept that MBNA ought to have made its position clearer during the call with Mr R. I accept that MBNA told Mr R there would be restrictions but I think it ought to have explained they would affect both accounts and the effect would be that Mr R couldn't use the cards for spending. I can see that MBNA accepts that and has paid a gesture of goodwill which I think is fair and reasonable in the circumstances.

The main point of Mr R's complaint is that he would like the account restrictions removed and for him to be allowed to use the accounts normally. I'm sorry to disappoint Mr R, but I can't fairly order MBNA to allow that use. I say that as I think it's up to MBNA, when exercising his commercial judgement, to decide with whom it has a business relationship and with whom it decides to lend. I can also see from Mr R's account statements that he was close to the credit limit of both accounts and that he hasn't made a monthly repayment for some time. In those circumstances I don't think MBNA has made a mistake here by placing the original account restrictions which I think were designed to help Mr R and avoid further debt.

Overall for the reasons I have explained I'm satisfied MBNA was entitled to take the steps it did, in restricting Mr R's credit card use of both accounts.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 22 June 2020.

David Singh
Ombudsman