

The complaint

Mr C is unhappy with the way MBNA Limited (MBNA) sold and communicated the sale of his debt to another business.

What happened

Mr C had set up a payment plan with MBNA in 2015 for his credit card and made all payments due. MBNA say they wrote to him on 13 August 2018 telling him it was terminating his credit agreement and might sell the debt to another organisation. The debt was sold to PRA Group (PRA) on 9 October 2018.

Mr C says PRA began contacting him frequently and aggressively. He was making payments to MBNA and didn't know the debt had been sold or who PRA was. He says he was told the payment plan was defaulted which greatly concerned him.

Mr C complained to MBNA on 26 July 2019 about the sale of the debt and default of his payment plan. It replied on 19 August 2019 rejecting his complaint. It said it could sell the debt as the credit agreement itself had been terminated. But his payment plan hadn't been terminated or defaulted and apologised if he had been misinformed. Mr C then queried the payments and outstanding balance as he thought it was wrong and could be impacting his credit file. He referred his complaint our service a few days later.

MBNA wrote on 21 October 2019 confirming the balance and payments made. It said it had asked PRA to contact him about this and other issues as it couldn't investigate this. MBNA apologised for the delay and offered Mr C £100 in compensation.

Our investigator looked in what had happened. She advised she couldn't consider PRA's role. In respect of the balance and payments made, MBNA provided a schedule. There had been an error which duplicated a payment in February 2019 and this would be refunded. It subsequently confirmed this was an internal issue and no refund was due to Mr C.

Our investigator agreed MBNA could sell the debt. But thought that MBNA should made it clearer that it had sold the plan and to who and that Mr C's payment plan was unaffected by this. MBNA should pay Mr C a further £100 in compensation for the distress this had caused him.

In reply MBNA said it still thought its communication was clear but agreed to pay the additional £100 compensation.

Mr C didn't agree with this saying MBNA's complaints process was sub standard so the matter has been passed to me to decide.

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 am upholding the

complaint, but I won't be asking MBNA to do more than they have already been asked to do. I'll explain why.

I can't consider PRA's actions and Mr C will need to take up any concerns he may have with it directly including whether his credit file has been correctly updated. MBNA was within its rights to sell the debt as it is set out in the terms and conditions of the credit card agreement. But I think its communication could be clearer than it appears to have been as people with debt repayment plans will naturally be anxious about any changes to them.

Had MBNA specifically confirmed it had sold the debt to PRA and that the existing payment arrangements would continue for the time being it would have alleviated much of the concern and confusion felt by Mr C. I haven't seen any evidence that MBNA did this.

When he raised queries it appears Mr C was given incorrect information and MBNA then took several weeks after he complained to confirm that his plan hadn't been defaulted. I think these communication issues did cause Mr C trouble and upset and I think £100 compensation for this aspect is fair and reasonable.

MBNA accepts that it didn't come back to him promptly and failed to return calls in respect of his query on the balance and payments made. It has apologised for this and offered £100 compensation for this which I think is fair and reasonable here so I won't be asking them to do any more than this.

My final decision

My final decision is that I uphold the complaint against MBNA Limited.

I direct them to pay the compensation amount of £200 to Mr C.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 15 May 2020.

Nigel Bracken
Ombudsman