

The complaint

Miss B complains that MBNA Limited irresponsibly allowed her to open two credit card accounts that were unaffordable.

What happened

Miss B says MBNA should not have approved her credit card applications and should not have increased the credit limit on them. She says she was in financial difficulty when the accounts were opened and had loans at the time and was using payday lending. Miss B says she had a gambling problem and was making transfers from her credit card accounts to her bank accounts which ought to have been obvious to MBNA. She would like the interest and charges refunded and statutory interest applied to that refund.

MBNA says Miss B opened the first account in 2016 and it carried out appropriate credit checks. It says Miss B was in employment and it assessed affordability. MBNA says it approved a credit increase and any charges or interest were applied in line with account terms and conditions. It says the first account was closed in 2018 and a second account opened that year which was also correctly assessed for affordability. MBNA says overall the accounts were well run and Miss B didn't tell it about any financial difficulties.

Miss B brought her complaint to us and our investigator didn't uphold it and thought the applications had been correctly and proportionately assessed. The investigator thought the accounts were well run with more than minimum payments being made and that any charges or interest were applied in line with account terms and conditions. The investigator didn't think that Miss B had told MBNA about any financial difficulties or that MBNA should have looked at Miss B's bank statements.

Miss B doesn't accept that view and says MBNA should have carried out more detailed enquires of her financial position and ought to have checked her bank account statements which would have revealed the extent of her gambling.

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 and for the same reasons.

I have looked at MBNA's records and I'm satisfied both credit card applications were correctly assessed and that reasonable and proportionate checks were carried out. I can see from the records that Miss B was in employment and at the time of the applications she passed MBNA's credit checks comfortably. I appreciate Miss B says MBNA ought to have looked at her bank account statements and would have seen her gambling transactions. But

I'm satisfied that it's up to MBNA to decide what its lending criteria is and what documents it looks at. And for the reasons I have explained I find it did carry out reasonable and proportionate checks.

I have looked at Miss B's credit card statements over the time period and I'm satisfied that on the whole the accounts were well run with regular monthly payments in excess of the minimum required payments. I think that suggests MBNA's lending was affordable and that its decision to lend was not irresponsible.

I'm satisfied Miss B agreed to the account terms and conditions when both accounts were opened. Those terms and conditions say that charges and interest will be applied in certain circumstances. So I don't think MBNA made a mistake or acted unfairly by applying interest or charges when for example a balance wasn't cleared or where the credit limit was exceeded.

I appreciate Miss B says it should have been obvious that she was in difficulties and was gambling. But I'm satisfied Miss B was entitled to use the credit card accounts as she wished and that using the account for a cash transfer for example was a feature of the account. I don't think MBNA could have known about the extent of Miss B's gambling as it would not have had access to her bank statements and I don't think Miss B ever told it about any such problems.

I would have expected MBNA to act positively and sympathetically to Miss B if she was in financial difficulties. But I have not seen any evidence that Miss B told MBNA about any such difficulties. So in those circumstances I can't fairly hold MBNA responsible for not providing such support when it was unaware of Miss B's circumstances and I don't think reasonably could have been aware.

Overall I'm satisfied MBNA has acted reasonably in carrying out proportionate checks on Miss B's applications, and so I can't fairly conclude the lending was irresponsible and unaffordable. I also think MBNA was entitled in line with the account terms and conditions to increase a credit limit which I think Miss B could have rejected if she wished. For those reasons I can't order MBNA refund any interest or charges as Miss B would like.

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 Miss B to accept or reject my decision before 11 August 2020.

David Singh
Ombudsman